

1 Q. **Reference: Capitalization Process**

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3 With reference generally to Rate Mitigation and Hydro’s capital budget process, can Hydro, in its
4 future Capital Budget Applications, provide an estimate of the rate impact on each customer
5 class (including the island industrial customer class), if the projects/capital expenditures
6 proposed by that Application are approved, as of the anticipated timeframe that these capital
7 expenditures will be added to rate base?

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10 A. Newfoundland and Labrador Hydro (“Hydro”) is committed to providing relevant information
11 necessary to allow the Board of Commissioners of Public Utilities and interested parties to
12 understand the nature, scope, and justification for individual expenditures and the capital
13 budget overall.

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15 Customer rates will not be impacted by capital additions until the conclusion of the next GRA
16 process. It is possible for Hydro to prepare an estimate of rate impacts for future capital budget
17 applications; however, this information could vary significantly from actual results due to the
18 timing and approvals of future General Rate Applications, interim rate changes, and cost of
19 service allocation adjustments. As an alternative, Hydro would suggest a computation of total
20 revenue requirement impact to reflect the proposed capital addition. A review of the Capital
21 Budget Guidelines is ongoing and Hydro expects that the outcomes of that review will identify
22 any additional information to be included in the 2021 Capital Budget Application and
23 subsequent capital budget applications.