

1 Q. How far advanced is Hydro in preparing the GRA Application for filing in September 2020?

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4 A. Newfoundland and Labrador Hydro (“Hydro”) has progressed in a number of areas in
5 preparation for its next General Rate Application (“GRA”) filing. In Order No. P.U. 37(2019), the
6 Board of Commissioners of Public Utilities approved the Cost of Service Methodology to be used
7 for the next GRA. Hydro has completed the required system changes to reflect the approved
8 methodology. Hydro has also made enhancements linking the new Business System to the Cost
9 of Service Study for obtaining capital asset information for use in the calculation of depreciation
10 and rate base.

11 Progress has also been made on some of the commitments made in the 2017 GRA settlement
12 agreements, such as a review of Conservation and Demand Management classification and
13 allocation and a review of the approach to determine the amount of the generation credit to be
14 provided to Newfoundland Power for use in demand cost allocation in the Cost of Service Study.

15 Hydro filed a report in September 2019 on the rate design framework for Newfoundland Power
16 and Island Industrial Customers for use in the next GRA.¹ There is additional work required in
17 this area.

18 Hydro was making progress in developing its capital budget proposals for input into the Business
19 System and developing its operating budget; however, Hydro has delayed its work in these areas
20 after the Government of Newfoundland and Labrador announced the financial restructuring of
21 the Muskrat Falls Power Purchase Agreement.

¹ “Key Account Management Framework Implementation Update Report,” Newfoundland and Labrador Hydro, September 30, 2019.