

1 Q. Hydro has assessed the rate mitigating benefit of the Customer Electrification Portfolio through
2 a Net Present Value analysis that determined a projected rate mitigation benefit of
3 approximately \$0.7 million by 2034. How will Hydro manage the risk of rate mitigation not being
4 achieved over this period of time?

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7 A. Newfoundland and Labrador Hydro (“Hydro”) is committed, both corporately and through the
8 joint takeCHARGE partnership, to pursue electrification as a long-term, sustainable rate
9 mitigation measure for all customers on the Island Interconnected System. Investments in
10 electrification offer the opportunity for domestic load growth and corresponding higher
11 revenues from increased sales.

12 The electrification initiatives proposed by Hydro and Newfoundland Power Inc. (“Utilities”) under the joint takeCHARGE partnership represent a critical next step towards sustainable, long-term rate mitigation. The Utilities will manage the risk associated with forecast rate mitigation benefits through continued management of the portfolio, tracking of actual versus planned performance, routine monitoring of market conditions to ensure programs achieve their goal at the lowest possible cost, and continuing annual reporting to the Board of Commissioners of Public Utilities on electrification and conservation and demand management efforts. Hydro’s application seeks approval of the modified Total Resource Cost (“mTRC”) test, and not specific initiatives, to allow programs to be modified in response to external factors, while ensuring they remain in the best interest of ratepayers.

22 Should adoption of electrification opportunities not occur as planned, customer rates will be
23 required to increase or additional rate mitigation funding will be required.