

1 Q. On page 1 of Schedule 1: Evidence of the Application Hydro notes that it “anticipates there may
2 be a delay between when Hydro is required to begin making payments under the Project
3 agreements and when rate mitigation and/or recovery through customer rates will occur.”

4 Please discuss what happens to the deferred costs if no mitigation funds are provided or
5 provided funds are lower than expected. Will this not compound the rate impacts at the time
6 Muskrat Falls is added to rates in a GRA?

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9 A. The amount of rate mitigation funding provided will impact the amount that customer rates will
10 need to increase to recover the balance in the proposed Supply Cost Variance Deferral Account.
11 As explained in Newfoundland and Labrador Hydro’s (“Hydro”) response to PUB-NLH-003, Hydro
12 proposes to file a future application with the Board of Commissioners of Public Utilities,
13 subsequent to the next general rate application (“GRA”) Order, to deal with allocation and
14 recovery of the balance in the Supply Cost Variance Deferral Account that accumulates prior to
15 the conclusion of the next GRA. This approach will enable Hydro to be better informed on
16 customer rate impacts in developing a disposition plan for the balance in the deferral account.
17 The balance to be recovered from customers will influence the period over which the balance
18 will be proposed for recovery.