

1 Q. **Reference: Response to Request for Information NP-NLH-007, Attachment 1 and Supply Cost**
2 **Accounting Application, Schedule 1, Section 3.2.**

3 Please provide estimated rate mitigation funding amounts that would be required for the
4 residential rate to not exceed 14.7 ¢/kWh in 2022 given that the balance in the proposed
5 deferral account is estimated to be approximately \$800 million as of December 31, 2022.

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8 A. The estimated rate-mitigation funding for the residential rate not to exceed an average of
9 14.7¢/kWh in 2022 is approximately \$635 million.¹ This is a high-level estimate assuming that
10 rate mitigation will cover the balance in the deferral account that would accumulate from the
11 effective date of October 1, 2021 to December 31, 2022 excluding the forecast hydraulic balance
12 to be transferred from the Rate Stabilization Plan (“RSP”) and the forecast balance to be
13 transferred from the Revised Energy Supply Cost Variance Deferral Account. The forecast RSP
14 hydraulic balance of \$65 million and the forecast \$20 million balance from the Revised Energy
15 Supply Cost Variance Deferral Account may require a longer-term amortization period to enable
16 recovery from customers.

¹ Estimated rate mitigation includes funds required to mitigate all customer rates on the Island Interconnected System, including Island Industrial customer rates. This analysis assumes rate-mitigation funding being shared on the same basis as power purchase costs from the Muskrat Falls Project.