

1 **Q. Reference: November 30, 2022, Hydro Presentation**

2 **Island Industrial Non-Firm Rate**

3 With respect to Slides 30, 17 and 18:

- 4 **a)** What are Hydro’s forecasted revenues if its application is approved? Provide specifics
5 with respect to on-peak and off-peak consumption and pricing.
- 6 **b)** By how much and what percentage will this increase the rate for non-firm energy?
- 7 **c)** Is Hydro planning to propose that the revenue from the LIS Non-Firm Rate be allocated
8 back to Labrador customers? If not, why not? If so, will it be for the benefit of the
9 industrial customers?

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12 **A. a)** Newfoundland and Labrador Hydro (“Hydro”) does not have adequate information on
13 future non-firm sales to develop a revenue forecast. All Island Industrial revenues from non-
14 firm sales sourced by hydro-electric generation will be set aside in a deferral account for
15 future disposition by the Board of Commissioners of Public Utilities (“Board”). Under this
16 approach, Hydro does not achieve increased earnings as a result of approval of the
17 application.¹

18 **b)** In general, the implementation of a market-based non-firm rate would be expected to
19 decrease the non-firm rate for Island Industrial customers. However, the degree of impact
20 would depend on both the price of fuel and the forecast net export price in the month the
21 non-firm sale will occur. Therefore, Hydro cannot accurately estimate the percentage impact
22 on the existing non-firm rate for Island Industrial customers.

23 **c)** Hydro believes it would be appropriate to set aside revenues from non-firm sales on the
24 Labrador Interconnected System in a deferral account for future disposition by the Board.

¹ “Application for a Non-Firm Rate for Labrador,” Newfoundland and Labrador Hydro, September 15, 2022.

- 1 Hydro's view on the disposition of revenues from non-firm sales on the Labrador
- 2 Interconnected System is provided in Hydro's response to PUB-NLH-004 of this proceeding.