

1 Q. **Reference: Application 2025 Capital Budget Overview, page 37, Table 10.**

2 Does the 0.6% increase in the IIS 2025 wholesale rate result in a 2.25% increase in the IIS
3 domestic rate for that year and does the 2.5% increase in the IIS 2026 wholesale rate result in a
4 2.25% increase in the IIS domestic rate for that year? Please reconcile.

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7 A. The 0.6% increase in the Island Interconnected System 2025 wholesale rate and the 2.5%
8 increase in the Island Interconnected System 2026 wholesale rate were calculated by comparing
9 the forecast revenue requirement for programs and projects in the 2025 Capital Budget to the
10 2019 Test Year revenue requirement. The projected wholesale rate increases demonstrate the
11 impact of the proposed 2025 Capital Budget spend on Newfoundland and Labrador Hydro's
12 ("Hydro") revenue requirement and customer rates independent of any rate mitigation impacts.
13 Rate increases at the wholesale level on the Island Interconnected System will be limited to
14 target domestic rate increases of 2.25% annually, attributable to Hydro's costs, up to and
15 including 2030, regardless of the increase in revenue requirement.