Q. (Reference May 1, 2024 Grant Thornton Supplemental Report). It is stated that Newfoundland Power's preference (page 2) "is to monitor the progress towards resolving the large differences through the adoption of the new wholesale rate."

a) Does Grant Thornton have reason to believe that the adoption of a new wholesale rate will resolve the large differences? How would implementation of a new wholesale rate "significantly reduce" volatility associated with power supply costs?

b) Does Grant Thornton believe that it is appropriate to continue with these large differences when it is not known if a new wholesale rate will be implemented in time for a Board Order on this GRA, or possibly even before the next GRA expected to be filed three years from now?

A. a) Updating the wholesale rate would impact the balances that are flowing to the energy supply cost variance account and balances to the rate stabilization account on a go forward basis. As a result, Grant Thornton (“we”, “us”, “our”) would expect the volatility associated with power supply costs to be reduced. Throughout the execution of our work, the utility continuously indicated that they expected the new wholesale rate to resolve this matter. We have not identified any information that would suggest this is not the case.

b) It is reasonable for the utility to continue to work on the new wholesale rate for a period of time. However, we recommend that if the matter is still an issue after the wholesale rate has been established, a review of the methodology for determining the allowance should be performed.