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2024-09-19

Ms. Shirley Walsh
Senior Legal Counsel, Regulatory
Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place, Columbus Drive
St. John's, NL A1B 4K7

Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro - Implementation of the Rate Mitigation Plan

On May 16, 2024, the Minister of Industry, Energy and Technology, announced the finalization of the rate mitigation plan with Newfoundland and Labrador Hydro (“Hydro”). The plan, which applies to island customers, came into effect on July 1, 2024 to ensure domestic residential rate increases are capped at 2.25 per cent annually, up to and including 2030, for cost recovery associated with the Muskrat Falls Project (MFP). The Government announcement stated that the total projected investment required from NL Hydro to fund this stage of the rate mitigation plan is over \$2 billion up to and including 2030, and includes retirement of the 2023 deferral account balance of \$271 million.

The Board requires additional information in relation to the implementation of the rate mitigation plan and directs Hydro to file a report on its implementation plan by October 22, 2024 addressing the following:

General

- Are the capping of rate increases provided for in the rate mitigation plan attributable to all changes in Hydro’s costs or limited to cost recovery associated with the MFP only;
- The approach to capping annual rate increases to apply rate mitigation to Island Industrial customers, if applicable;
- The projected rate mitigation funding requirements for each year from 2024 to 2030;
- The sources and timing of annual rate mitigation funding for the period July 1, 2024 to the end of 2030;

Cost of Service Study Issues

- The treatment of rate mitigation in the GRA test year revenue requirement;
- Whether rate mitigation funding will be identified on customer bills;
- The allocation of rate mitigation funding within the test year cost of service study, if applicable;
- Whether the cost of service methodology needs to be updated to accommodate rate mitigation funding and, if so, the planned timing of any application

Deferral Account Issues

- Projected year-end balances in the Supply Cost Variance Deferral Account for the period 2024 to 2030;
- The timing of when the methodology will be proposed to allocate the balances in the Supply Cost Variance Deferral Account among customer classes;
- The treatment of the Rural Rate Adjustment balance in the Supply Cost Variance Deferral Account and what options are available for timely balance disposition to Newfoundland Power; and
- Whether any further additions or revisions the Supply Cost Variance Deferral Account are required to reflect the rate mitigation plan?

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,



Jo-Anne Galarneau
Executive Director and Board Secretary

JG/cj

Newfoundland and Labrador Hydro

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