

1   **Q.     In Section 6.1: Industrial Rate Design, page 42, lines 5-6, the consultants contend**  
2       **that one of the perspectives of the 2008 report, that "*Holyrood generation would***  
3       ***be the incremental cost .for the system for a substantial future period of time," is***  
4       **no longer valid. Do you agree that major changes in the next few years (e.g.,**  
5       **Island-Labrador Interconnection, transitioning load for Vale and Praxair, a new**  
6       **marginal cost study) should require a new GRA in less than three years to review**  
7       **all of these changes? Please provide a detailed explanation of your response**

8   **A.     Yes, a GRA in less than 3 years is merited given the scale of impacts that are expected**  
9       **to occur.**

10       In addition, the next GRA filing should reflect a number of timing constraints. To date,  
11       Hydro has not produced a full "road map" for the steps and timing that should  
12       accompany that GRA. The Board may wish to explore, or to impose, such a sequencing  
13       and timing road map to ensure clarity among all parties.

14       For example, new final rates for the initiation of Labrador infeed power for approximately  
15       January 2018 may be sensible, but based on recent scheduling experience, that may  
16       necessitate a GRA be filed by spring 2017 (with likely significant internal work by Hydro  
17       and its supporting consultants in late 2016 and early 2017 to accomplish that result). In  
18       addition, there has been suggestions that Hydro should consult customers on aspects of  
19       rate design that it plans to include in the GRA (such as major RSP redesign or  
20       elimination), which would likely have to occur in that same timeframe of late 2016.

21       Given uncertainties that may arise with respect to such matters as budgeting,  
22       consultation, and precise in-service dates and final cost estimates for the major  
23       infrastructure components, it is possible that Hydro may prefer to await full and detailed  
24       information to prepare a GRA. Based on the above considerations, it is likely preferable  
25       that the Board provide a clear sequence with timelines to guide this process.

26       It is entirely possible that the current GRA rates may prevail for a considerable time after  
27       the Labrador infeed is completed before any next GRA is fully litigated.