

1 Q. It would appear that the intention of the Province’s rate mitigation plan will be to reduce the
2 impact of the power purchase costs associated with the Muskrat Falls PPA. Assuming that is the
3 case, is it also correct to assume that the rate mitigation plan will, or may, have the effect of
4 reducing Hydro’s revenue requirement for 2021, even if Hydro begins to incur those power
5 purchase costs in 2021?

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8 A. Newfoundland and Labrador Hydro (“Hydro”) does not yet know the Government of
9 Newfoundland and Labrador’s rate mitigation plan and therefore does not know the form of
10 rate mitigation to be provided.

11 Rate mitigation could take several different forms. For example, rate mitigation could be
12 provided to reduce Muskrat Falls purchased power expense to be reflected in Hydro’s revenue
13 requirement. However, it is also possible that rate mitigation may be provided in the form of a
14 rate credit to customers; under this approach Hydro’s revenue requirement would not be
15 impacted but the net rate paid by the customers would reflect the benefit of the rate mitigation
16 provided.