

1 Q. Hydro states on page 4, paragraph 16 of the Application:

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3 It remains probable that Hydro will incur costs in 2021 as a result of the  
4 commissioning of the Muskrat Falls Project. Therefore, although Hydro proposes  
5 to delay its GRA filing, Hydro is proposing to continue to require 2021 as a test  
6 year for use in determining the 2021 costs to be ultimately recovered from  
7 customers.  
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9 If in 2021 there are no material costs incurred as a result of the commissioning of the Muskrat  
10 Falls Project, is a 2021 Test Year appropriate for a GRA which is likely to be filed in late 2021 or  
11 2022?  
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14 A. If Newfoundland and Labrador Hydro (“Hydro”) does not incur any material costs associated  
15 with the commissioning of the Muskrat Falls Project in 2021, a cost deferral could be a  
16 reasonable alternative to a 2021 Test Year.

17 As noted in Hydro’s response to PUB-NLH-002 and PUB-NLH-008 of this proceeding, Hydro is  
18 projecting a revenue deficiency in 2021 regardless of whether Muskrat Falls Project charges are  
19 incurred in 2021. Given that the forecast increase in 2021 costs (excluding the Muskrat Falls  
20 Project) are primarily related to increased depreciation and financing costs, Hydro believes a  
21 cost deferral could be established based on the change in these costs relative to the 2019 Test  
22 Year. This approach would avoid the requirement to use 2021 as a test year should there be no  
23 material costs incurred as a result of the commissioning of the Muskrat Falls Project.