

1 Q. **Reference: Schedule 1: Capital Budget Overview**

2 Page 40, Table 11. Please explain how the costs relating to the 2026 Capital Budget will be
3 recovered over the entire life of the assets given the 2.25% rate mitigation cap on rate increases
4 expiring in 2030.

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7 A. The costs relating to the 2026 Capital Budget Application will begin to be recovered when they
8 are included in Newfoundland and Labrador Hydro's general rate application. The current rate
9 mitigation plan, expiring in 2030, offsets the impact of the Muskrat Falls Project costs to achieve
10 the 2.25% rate increase target, resulting in the recovery of all other costs included in the
11 approved revenue requirement and rate riders. Currently, there is no rate mitigation plan
12 beyond 2030 that defines rate increases or costs subject to mitigation; however, the
13 Government of Newfoundland and Labrador has publicly stated that it is committed to rate
14 mitigation beyond 2030.