

Q. **Reference: CA-NLH-116; PUB-NLH-105; COS Study; Sch F**

Please provide a table for each affected customer class comparing: i) the 2027 revenue-to-cost ratio resulting from Hydro's proposed rates; ii) the 2027 revenue-to-cost ratio that would result if the Government's 2.25% annual rate increase target for Island Domestic customers did not apply and rates were instead established based on Hydro's otherwise applicable cost-of-service and rate-design methodology; and iii) whether application of the 2.25% annual rate increase target results in the customer class being closer to or further from a revenue-to-cost ratio of 1.00. State the mitigation funding assumed in each case and explain any difference. Hold underlying 2027 costs and allocation inputs constant, and identify any other change needed to implement the scenario.

A. The 2027 revenue-to-cost ratios for scenarios (i) and (ii) are identical to the revenue-to-cost ratios presented in Schedule F, Mitigated Cost of Service, and Schedule G, Unmitigated Cost of Service, respectively. Table 1 provides a comparison of the resulting revenue-to-cost ratios.

Table 1: Revenue-to-Cost Ratios on Schedule F and Schedule G

	2027 Cost of Service Mitigated¹	2027 Cost of Service Unmitigated²
Newfoundland Power Inc.	1.11	1.09
Island Industrial	1.00	1.00
Labrador Industrial	1.00	1.00
Rural Labrador	1.11	1.09
Island Interconnected	0.79	0.58
Island Isolated	0.17	0.17
Labrador Isolated	0.27	0.27
L'Anse-au-Loup	0.42	0.42
Total	1.00	1.00

¹ "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. F 1.2.

² "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. G 1.2.

1 The 2.25% annual rate increase target results in the revenue-to-cost ratio being 1.00 before the
2 allocation of the deficit. The revenue-to-cost ratio after deficit allocation depends on the total
3 deficit at the time. In the 2027 Test Year Cost of Service Study, rates are targeted at those
4 implemented on July 1, 2026, with the Project Cost Recovery Rider targeting the 2.25% on
5 July 1, 2027.