

1 Q. **Reference: Response to CA-NLH-204**

2 Further to CA-NLH-204, please explain how a longer amortization period for the Phase Two
3 Hearing Costs and Reliability and Resource Adequacy Study Review deferral accounts moderates
4 near-term customer rate impacts, given the target of 2.25% annual increases in domestic retail
5 rates attributable to Hydro through 2030. Distinguish effects on customer rates, required
6 mitigation funding and amounts remaining for recovery after 2030.

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9 A. Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to part c) of
10 CA-NLH-253 of this proceeding, which provides the calculation of recovery for the Phase Two
11 Hearing Costs and Reliability and Resource Adequacy Study Review Deferral Accounts over four-
12 year and eight-year periods, demonstrating how a longer amortization reduces the amount of
13 amortization expense included in Hydro's revenue requirement in the near-term. As illustrated
14 in the calculations provided in part c) of CA-NLH-253, the benefit of the eight-year amortization
15 period is a moderation of the annual recovery requirement, whether reflected directly in
16 customer rates or through the amount of rate mitigation funding required to maintain targeted
17 customer rate outcomes in accordance with the rate mitigation plan.

18 Hydro's proposals for amortization periods were made independent of the impacts of rate
19 mitigation. Amortization periods should not be shorter than what is deemed appropriate due to
20 the impacts of the current rate mitigation plan.