

1 Q. **Reference: Response to CA-NLH-205**

2 Further to CA-NLH-205, please explain why Hydro forecasts \$1.5 million of external regulatory
3 costs for the 2026 GRA when it was ordered to pay \$1.8 million of Board and intervenor costs
4 for the 2017 GRA. Quantify the allowance for inflation and explain the effect of changes in scope
5 and complexity, including the in-service Muskrat Falls and Labrador-Island Link projects and
6 their contractual arrangements.

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9 A. Newfoundland and Labrador Hydro's ("Hydro") forecast of \$1.5 million for Board of
10 Commissioners of Public Utilities ("Board") and Consumer Advocate hearing costs in the 2026
11 General Rate Application ("GRA") is based on management's assessment of the scope,
12 complexity, and estimated duration of the proceeding.

13 Hydro's forecast included in the 2017 GRA for Board and Consumer Advocate hearing costs was
14 \$1.2 million. In accordance with Board Order No. P.U. 16(2019), Hydro was directed to pay
15 approximately \$1.8 million in costs associated with the 2017 General Rate Application. This
16 included costs incurred by the Board, the Consumer Advocate, the Island Industrial Customer
17 Group, and the Labrador Interconnected Group. Those actual costs reflected the particular
18 circumstances of that proceeding. The 2017 GRA was filed in July 2017, and the final compliance
19 Order was issued approximately two years later after a number of intervening applications, the
20 filing of supplemental evidence, and evolving issues associated with the transition to
21 interconnection with the North American grid.

22 In developing the 2026 GRA forecast, Hydro considered historical experience, the expected
23 scope of issues to be addressed in the current application, and increases in regulatory
24 proceeding costs since 2017. The forecast of \$1.5 million reflects Hydro's best estimate at the
25 time of filing of the combined costs of the Board and the Consumer Advocate.

1 The estimate did not assume that the costs incurred in the 2017 GRA would necessarily be
2 replicated in the current proceeding; it is possible that the Board and Consumer Advocate costs
3 related to the 2026 GRA could exceed the forecast. Actual hearing costs will depend on the
4 scope and duration of the proceeding, the volume of information requests, the extent of expert
5 evidence filed by intervenors, and any procedural directions issued by the Board.