

1 **Q. Reference: NP-NLH-067, Issue Topic: Rate Mitigation.**

2 Please provide for 2024 to 2027 test year, (i) Earnings from Residual Block Energy sales that
3 accrued/forecast to accrue to Hydro (non-regulated) through dividends and (ii) the portion of
4 those earnings that were used to support rate mitigation efforts. As part of the response, please
5 explain why these benefits do not accrue directly to the benefit of customers in the same
6 manner as export sales.

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9 **A. (i)** For a breakdown of the revenue from Residual Block energy sales between Hydro Regulated
10 (Monetized Deferred Energy) and Hydro (Non-Regulated) for years 2024 to 2027 Test Year
11 please refer to Newfoundland and Labrador Hydro's ("Hydro") response to part g) of
12 IIC-NLH-015 of this proceeding

13 **(ii)** Please refer to part d) of Hydro's response to CA-NLH-059 of this proceeding for a
14 description of Hydro's various internally generated funding sources for rate mitigation.
15 Dividends from Hydro's subsidiaries are paid to Hydro and become part of Hydro's non-
16 regulated cash position. These funds are managed on a pooled basis together with other
17 internally generated cash flows and are used to fund rate mitigation and other corporate
18 requirements, as necessary. Consequently, Hydro does not attribute specific portions of
19 internally generated funding to individual cash sources.

20 The benefits of earnings from Residual Block energy that accrue as dividends to Hydro Non-
21 Regulated do not accrue directly to the benefit of customers in the same manner as
22 incremental recapture export sales and monetized deferred energy, as Hydro Regulated has
23 no contractual rights to Residual Block energy export sales under the Muskrat Falls Power
24 Purchase Agreement outside of monetizing or settling its NLH Deferred Energy balance.