

1 Q. **Reference: Application Volume 1, 2022 Capital Budget Overview**

2 It is stated (pages 19 and 20) “On a pro forma basis, Hydro’s 2022 and 2023 revenue
3 requirement is estimated to increase by approximately \$2 million and \$8 million, respectively, as
4 a result of the capital projects proposed for 2022. Such a revenue requirement increase would
5 represent an increase of 0.4% and 1.2% in 2022 and 2023, respectively, relative to Hydro’s 2019
6 Test Year.” Are any cost savings/reductions expected in 2022 and 2023 as a result of the
7 Muskrat Falls project coming on line in late 2021?

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10 A. The 2022 and 2023 revenue requirement increases provided in Newfoundland and Labrador
11 Hydro’s (“Hydro”) 2022 Capital Budget Overview¹ represent the increases resulting directly from
12 Hydro’s 2022 Capital Budget Application (“CBA”).² The capital budget proposed reflects an
13 assumption of an expected in-service date for Muskrat Falls in late 2021. As noted in Hydro’s
14 Holyrood Thermal Generating Station Overview:

15 Should the successful integration and demonstrated reliability of the Muskrat
16 Falls Project assets occur prior to March 31, 2023 and/or Hydro obtain clear
17 evidence with respect to the in-service date of the Muskrat Falls Project assets
18 prior to the execution of the proposed 2022 capital projects, careful
19 consideration will be given to the necessity of executing the full scope of
20 generation-related capital projects.³

¹ “2022 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. I, sch. 1.

² Hydro’s 2022 and 2023 revenue requirement impacts were revised in revision 1 of Hydro’s 2022 CBA.

³ “2022 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. I, sch. 3, at p. 4/2–6.