

1 Q. Please confirm whether the proposed Project Cost Recovery Rider will be implemented for  
2 Hydro’s Utility customer only.

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5 A. It is confirmed. The application proposes to implement the proposed Project Cost Recovery  
6 Rider for Hydro’s Utility customer only. However, it is Newfoundland and Labrador Hydro’s  
7 (“Hydro”) intention to also, in the future, implement a Project Cost Recovery Rider to apply to  
8 the Island Industrial customer class. Hydro will evaluate whether it is feasible to implement a  
9 Project Cost Recovery Rider in developing its Rate Stabilization Plan update required for Island  
10 Industrial customers to become effective January 1, 2023. Hydro notes that Island Industrial  
11 customers received an average 12.7% increase effective February 1, 2022,<sup>1</sup> and an increase of  
12 approximately the same percentage is projected for January 1, 2023.

13 Any delay in implementing a Project Cost Recovery Rider for Island Industrial customers will  
14 contribute to a higher balance in the Supply Cost Variance Deferral Account to be recovered  
15 from Island Industrial customers in future; however, Hydro must take potential customer rate  
16 shock into consideration when determining the amount and timing of implementing a Project  
17 Cost Recovery Rider for Island Industrial customers.

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<sup>1</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 5(2022), Board of Commissioners of Public Utilities, February 24, 2022.