Q. **Reference: Application, Volume I, Section 5.2.7 Rate Mitigation, Table 5-6, Rate Mitigation Funding**

a) Please provide a detailed calculation showing the monthly revenues, organized by industrial/wholesale/retail, versus costs, and the resulting rate mitigation funding to achieve the values shown for 2025 Forecast, 2026 Forecast and 2027 Test Year.

b) Is the $502 million for 2027 Test Year based on the assumed July 1 implementation of new rates, with the rate mitigation funding picking up the shortfalls from the first 6 months? If not, why not?

A. **a)** Newfoundland and Labrador Hydro ("Hydro") does not calculate its forecast for rate mitigation funding using monthly balances of revenue and costs. Therefore, the requested detailed calculation is not available.

Rate mitigation required in any given year is generally equal to the cost to supply customers less the revenue collected from respective customers. However, rate mitigation is forecast based on the anticipated timing of receipt of funding, and not necessarily the supply cost less revenue collected during the year. For further information on the forecasting and timing of receipt of rate mitigation funding, please refer to Hydro's response to CA-NLH-058 of this proceeding.

For an explanation of how rate mitigation was calculated for the 2027 Test Year, please refer to Chapter 6, Section 6.4.1 of Hydro's 2026 General Rate Application ("GRA").

b) The $502.0 million rate mitigation funding included in Hydro's 2027 Test Year reflects the rate mitigation funding required for the full year and is based on rates being in effect on January 1, 2027.

The revenue deficiency for Island Industrial Customers for the first six months of the year until rates are implemented on July 1, 2027 is proposed to be included in the Supply Cost

Variance Deferral Account ("SCVDA"). This enables the revenue deficiency to be offset against revenue already collected from customers for the first six months of the year through the Project Cost Recovery Rider. In substance, the revenue associated with the deficiency identified as resulting from the delay in implementation of test year rates will have already been collected from customers through the Project Cost Recovery Rider implemented on July 1, 2026, and recorded in the SCVDA. Further explanation is provided in Chapter 6, Section 6.4.2 of Hydro's 2026 GRA.