

1 Q. Is Hydro amenable to delaying implementation of the proposed general expenses capitalized
2 deferral account to the start of a new test year rather than January 1, 2025?

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5 A. Newfoundland and Labrador Hydro ("Hydro") has no reason to deviate from the current
6 proposal to implement the proposed general expenses capitalized deferral account effective
7 January 1, 2025.

8 In Board of Commissioners of Public Utilities ("Board") Order No. P.U. 16(2021), the Board
9 approved Hydro's proposal to defer and recover capital-related overhead costs beginning
10 January 1, 2022 through the establishment of a deferral account under International Financial
11 Reporting Standards 14 - *Regulatory Deferral Accounts*. The Order also directed Hydro to file, for
12 approval, the proposed Capitalized Overhead Deferral Account definition, including evidence to
13 support the proposed methodology and capitalization rate, as part of its general rate
14 application.

15 The current application provides evidence to support the methodology and proposed
16 capitalization rates and will provide Hydro with certainty on amounts transferred to the deferral
17 account for financial reporting purposes effective January 1, 2025. The effective date of January
18 1, 2025 will allow Hydro to improve its return on rate base which is currently below the lower
19 end of the range of 5.25%.¹ Please refer to PUB-NLH-001 of this proceeding for the return on
20 rate base reflecting the proposals in this application.

¹ In Board Order No. P.U. 10(2025), the Board approved the rate of return on rate base of 5.45%, in the range of 5.25% to 5.65%.