

1 Q. **Reference: Response to CA-NLH-192**

2 Further to CA-NLH-192, Attachment 1, and CA-NLH-197(a) and (d), please explain for each of the
3 Power Purchase Expense Recognition and Muskrat Falls Export Revenue Recognition deferral
4 accounts: (i) whether the balance represents a timing difference expected to reverse; (ii) how
5 the balance accumulates; (iii) how and when it is expected to be realized or reversed; and (iv)
6 whether any separate future recovery from ratepayers is proposed or expected, distinguishing
7 that recovery from realization through contractual payments or export monetization proceeds.

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10 A. The Power Purchase Expense Recognition Deferral Account captures the difference between the
11 annual purchase power costs associated with the Muskrat Falls Power Purchase Agreement and
12 the Transmission Funding Agreement under International Financial Reporting Standards ("IFRS")
13 and the annual purchase payments required under the terms of the agreements. The balance
14 represents a timing difference which is expected to reverse over the term of the contracts.

15 The Muskrat Falls Export Revenue Recognition Deferral Account captures the timing difference
16 between when monetized NLH Deferred Energy is recorded for regulatory purposes versus
17 when it is required to be recorded under IFRS. The Muskrat Falls Export Revenue Recognition
18 Deferral Account recognizes the export sales in the year to which they relate. Under IFRS the
19 export revenue is recognized in the following year. The balance is a timing difference which
20 reverses the following year.

21 There is no separate future recovery from ratepayers proposed or expected associated with
22 these deferral accounts.