Q. **Reference: Vol. I, Ch. 1, sec. 1.7.2, Table 1-1, p. 1.21 (PDF p. 54); Vol. I, Ch. 6, sec. 6.8.3, p. 6.27 (PDF p. 201); Vol. I, Application, paras. (xvi) and (xviii), p. 11 (PDF p. 28); Notice of Application, June 18, 2026, p. 1.**

Preamble:

Retail rates on the Labrador Interconnected System are proposed to be phased in over multiple years, beginning with a 2.25% increase effective 1 July 2027, whereas the Labrador Industrial transmission demand rate is proposed to take effect in full and at once, with no phase-in. IOC seeks the basis for the difference in treatment.

Explain the basis for applying a multi-year phase-in to other Labrador Interconnected System customers while proposing to implement the full Labrador Industrial transmission demand increase in a single step.

A. The proposed rate increase for Rural Labrador Interconnected customers is 8.54% and, while not considered a rate shock, is significant for a customer group whose last rate change was a 3.1% decrease effective October 1, 2019.[1]

[1] Please refer to Board Order No. P.U. 30(2019).