

1 Q. Reference: IOC-NLH-013; IOC-NLH-014; PUB-NLH-040; PUB-NLH-044; LAB-NLH-012; LAB-NLH-
2 015; Vol. I, sec. 6.8.3 and Table 6-10 (PDF p. 201); Vol. I, secs. 6.10.4–6.10.5 (PDF p. 205); Vol. I,
3 Application, paras. (xvi) and (xviii) (PDF p. 28); Vol. III (Rev. 1), Exhibit 18 (PDF p. 982) and
4 Exhibit 19 (PDF p. 984).

5 Preamble:

6 Section 6.8.3 phases the 8.54% increase for Rural Labrador Interconnected customers at 2.25%
7 per year over four years, citing Government’s support for rate smoothing to ease cost-of-living
8 pressures (Exhibit 18), with the resulting deficiency recorded in a Revenue Deficiency Deferral
9 Account (section 6.10.4) and a residual of approximately \$3.3 million deferred to the next
10 general rate application (Table 6-10). IOC-NLH-013 states that the 8.54% increase is “not
11 considered a rate shock”. The Labrador Industrial transmission demand rate is proposed to
12 increase from \$1.08 to \$2.00 per kW per month (85.9% per IOC-NLH-011, Table 1) in a single
13 step effective July 1, 2027. IOC-NLH-013, IOC-NLH-014 and PUB-NLH-040 do not address
14 whether a phase-in was considered for the Labrador Industrial class.

15 Describe the deferral and recovery mechanism Hydro would propose if the Labrador Industrial
16 increase were phased in, including whether it would follow the 42-month amortization
17 proposed for this class in section 6.10.5 and whether carrying costs would apply, and confirm
18 that the total revenue requirement recovered from the class over the recovery period would be
19 unchanged.

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22 A. Newfoundland and Labrador Hydro (“Hydro”) has not proposed to defer the rate increase for
23 Labrador Industrial customers. If rates were to be phased in, the impact would depend on the
24 phase-in proposal and the collection of any revenue deficiency amounts. Hydro’s response to
25 IOC-NLH-038 of this proceeding provides the rate increases and revenue deficiencies resulting
26 from a phase-in of rates over a two-, three- and four-year period. The phase-in period could

- 1 change the total revenue requirement over the period since carrying costs would apply to the
- 2 deferred balances. Hydro would still seek full recovery over the 42-month period.