

1 Q. Reference: Vol. I, secs. 6.10 and 6.10.5 (PDF pp. 204–205); Vol. I, Application, para. (xix) (PDF
2 p. 29); Vol. III (Rev. 1), Exhibit 19 (PDF p. 984); Vol. I, Table 5-12 (PDF p.161); Vol III (Rev. 1),
3 Exhibit 10 (PDF pp. 693-694); IOC-NLH-019; Board Order No. P.U. 30(2019).

4 Preamble:

5 Section 6.10.5 proposes to recover from Labrador Industrial customers a revenue deficiency of
6 approximately \$1.8 million, being the difference between existing rates and the proposed rates
7 for the period January 1 to June 30, 2027, through a GRA Recovery Rider amortized over 42
8 months (approximately \$42,000 per month per IOC-NLH-019). Paragraph (xix) of the Application
9 proposes that the corresponding timing-related deficiencies for Newfoundland Power and Island
10 Industrial customers be transferred to the Supply Cost Variance Deferral Account, and that the
11 Rural Labrador Interconnected deficiency be transferred to a proposed Revenue Deficiency
12 Deferral Account.

13 State whether any carrying costs, interest or return would be applied to the unrecovered
14 balance over the 42-month period and, if so, the rate applied and the resulting total recovery.

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17 A. The revenue deficiency for Newfoundland Power Inc. and Island Industrial customers recovered
18 from the Supply Cost Variance Deferral Account will not attract interest or return since it is
19 being recovered from funds already collected from those customers during the period of
20 January 1, 2027 through June 30, 2027 through the Project Cost Recovery Rider implemented on
21 July 1, 2026 in accordance with the rate mitigation plan.

22 The revenue deficiency deferral accounts for both Labrador Industrial and Labrador Rural
23 Interconnected customers are included in rate base¹ and an annual return of 4.88%² is included
24 in revenue requirement for these accounts of approximately \$36,000 and \$40,000, respectively.

¹ "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. D-V.

² "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. D-II, p. 4 of 7; 2027 Test Year Weighted Average Cost of Capital.