

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 Hydro considered treating the January–June 2027 shortfall for Labrador Industrial
14 customers in the same manner as proposed for the other customer classes, or absorbing it, and
15 provide the reasons for the treatment proposed and the effect on the 2027 Test Year revenue
16 requirement of each alternative considered.

17
18
19 A. The revenue deficiency resulting from the timing of test year rates implementation is proposed
20 to be collected from the customer group to which it applies in each case. Newfoundland and
21 Labrador Hydro (“Hydro”) is not proposing to absorb the revenue deficiency for any customer
22 classes. As mentioned in Hydro’s response to IOC-NLH-042 of this proceeding, the revenue
23 deficiency for Newfoundland Power Inc. and Island Industrial customers is recovered from funds
24 already collected from those customers in accordance with the rate mitigation plan and
25 recorded in the Supply Cost Variance Deferral Account. Hydro’s proposal to recover the revenue
26 deficiency from Labrador Industrial customers is consistent with the collection of the proposed
27 revenue deficiency from the appropriate customer group to which it applies.