

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 Table 5-12 (Vol. I, PDF p.161) proposes the transfer of the Labrador Industrial share of the
14 Frequency Converter Depreciation Deferral Account balance to a “Labrador Industrial Revenue
15 Deficiency Account”. Identify where that account is defined in the Application, provide its
16 proposed definition and effective date, and describe its relationship to the GRA Recovery Rider
17 proposed in section 6.10.5.

18
19
20 A. The Frequency Converter Depreciation Deferral Account is defined in the referenced Board of
21 Commissioners of Public Utilities Order No. P.U. 35(2020) and in Chapter 5, Section 5.6.3 of
22 Newfoundland and Labrador Hydro’s 2026 General Rate Application (“GRA”).

23 As shown in Table 5-12, the disposition of the balance in this deferral account results in a
24 balance of \$26,402 owing to Labrador Industrial customers, which reduces the balance to be
25 collected in the GRA Recovery Rider. Please refer to Exhibit 19 of Hydro’s 2026 GRA for the
26 proposed adjustments to the deficiency balance.