

1 **Q. (Reference 5.1 Rate Base Additions, Deductions and Allowances) What is the**
2 **practice across regulated utilities in Canada regarding Cost Recovery Deferral**
3 **accounts? Specifically, are they separate from rate base or always included in**
4 **rate base and what interest rates apply to ones not included in rate base?**

5
6 **A.** Newfoundland Power does not have the requested information readily available.
7 Therefore, the requested information cannot be provided.
8

9 The Company observes that it is common utility practice for regulators in Canada to
10 approve deferral accounts for cost recovery and that utilities across Canada have a
11 variety of cost recovery deferral accounts that are appropriate for those utilities.¹
12

13 Newfoundland Power can provide that it currently has one cost recovery deferral
14 account that is not included in its rate base calculation. In Order No. P.U. 3 (2022), the
15 Board approved the establishment of the Electrification Cost Deferral Account.² The
16 account definition provides that: (i) the account will not be included in the Company's
17 calculation of rate base until otherwise ordered by the Board; and (ii) interest on this
18 account will be calculated using a monthly rate equivalent to the mid-point of the
19 Company's allowed rate of return on rate base.

¹ See the Company's *2025/2026 General Rate Application, Volume 2, Expert Evidence, Cost of Capital, 3. Comparison to other Canadian Investor-Owned Electric Utilities*, pages 70 to 78.

² See Order No. P.U. 3 (2022), page 21, line 30.