

1 Q. **Off-Island Purchases Deferral Account**

2 References:

3 (i) NLH 2017 GRA, Evidence, chapter 1, page 1.10

4 (i) *« Hydro is also proposing to establish a deferral account which will*
5 *include both the fuel savings from off-island purchases and the*
6 *actual costs attributable to off-island power purchases, including*
7 *transmission costs for delivery. The deferral account will permit the*
8 *savings from off-island purchases to offset the transmission costs to*
9 *be incurred by Hydro. Any additional savings will be set aside for the*
10 *benefit of customers.»*

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12 Please state which customer' classes will benefit from the alleged benefits and
13 deferral account? State what portion of the alleged benefits will accrue to the
14 Labrador Industrial Transmission customers and how any such benefits will be
15 allocated to them?

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18 A. As noted in Hydro's response to IOC-NLH-005, Muskrat Falls Project costs must be
19 recovered through rates to be charged to Island Interconnected customers.

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21 As such, Hydro proposes that any savings that accumulate in the Off-Island
22 Purchases Deferral Account be credited to customers on the Island Interconnected
23 System. No portion of the costs or the benefits associated with the Off-Island
24 Purchases Deferral Account will be allocated to Labrador Industrial Transmission
25 customers.