

1 Q. **Reference: Application, para. 19**

2 It is stated “This application seeks approval to charge the capital cost of the fast charging  
3 stations on the Island Interconnected System, net of the government contributions, to the  
4 ECDM Cost Deferral Account but to not include the capital costs in rate base.”

5 a) Will the ECDM Cost Deferral Account be included in regulated rate base?

6 b) Are any of Hydro’s deferral accounts included in regulated rate base? If so, which ones?

7 c) Provide the rationale for including a deferral account in regulated rate base.

8 d) What would be the impact on revenue requirement and customer rates if Hydro were to  
9 include capital for charging stations in rate base rather than in a deferral account as  
10 proposed?

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13 A. a) It is confirmed that the balance in the Electrification, Conservation and Demand  
14 Management (“ECDM”) Cost Deferral Account will be included in regulated rate base.

15 b) All of Newfoundland and Labrador Hydro’s (“Hydro”) regulatory deferral accounts that are  
16 approved for recovery are included in rate base (e.g., Conservation and Demand  
17 Management, Energy Supply Deferral, Holyrood Conversion Deferral, Foreign Exchange  
18 Losses, etc.) with the exception of the Rate Stabilization Plan which charges/credits  
19 financing costs based on the Board of Commissioners of Public Utilities (“Board”) approved  
20 test year weighted average cost of capital.

21 c) The inclusion of deferral account balances in rate base is consistent with the Asset Rate Base  
22 Method as approved by the Board. The rationale for using regulatory assets as a method for  
23 recovery is consistent with Hydro’s treatment of the conservation and demand  
24 management regulatory asset.

25 d) Please refer to Hydro’s response to NP-NLH-005.