

1 Q. **Reference: Supply Cost Accounting Application, paragraph 26.**

2 Will any of the proposed changes related to Hydro's Rural cost recovery impact the amount
3 recovered from Newfoundland Power? If so, please explain.

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6 A. The proposed addition of rural sales load variation to the calculation of the Rural Rate Alteration
7 will impact the monthly transfer to Newfoundland Power Inc. ("Newfoundland Power"). For
8 example, if Newfoundland and Labrador Hydro's ("Hydro") rural interconnected load is higher
9 than the test year forecast, the additional revenues will be credited to the balance attributable
10 to Newfoundland Power. Correspondingly, if Hydro's rural interconnected load is lower than the
11 test year forecast, the reduced revenues will be debited to the balance attributable to
12 Newfoundland Power.