

1 Q. **Reference: Schedule 1: Evidence**

2 Page 21, lines 10-14 states that Hydro is proposing to transfer the balances in the Revised
3 Energy Supply Cost Variance Deferral Account and the Holyrood Conversion Rate Deferral
4 Account to the Other Island Interconnected System Supply Cost Variance component of the
5 proposed Supply Cost Variance Deferral Account upon its effective date.

6 a) Has Hydro considered transferring the balance in these current supply deferral accounts, as
7 of the effective date, to the RSP and recovering these costs in the 2022 RSP rates, instead of
8 transferring the balances to the proposed Supply Cost Variance Deferral Account for
9 disposition in 2023 or later, especially considering these costs are incurred prior to the
10 commissioning of the Muskrat Falls Project?

11 b) As ordered in Order No. P.U. 22(2017), Hydro is required to file a report with the Board
12 annually in its justification for disposition of these balances. Are there any reasons why this
13 report cannot be filed to justify the disposition of the balance accumulated before the
14 effective date of the proposed deferral account?

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17 A. a) Newfoundland and Labrador Hydro (“Hydro”) is concerned with respect to the customer
18 rate impacts in 2022 under the approach presented. Please refer to Hydro’s response to
19 PUB-NLH-008.

20 b) Hydro could file the required reports early justifying the prudence of the deferred costs.
21 Please refer to part a) of this response and response to PUB-NLH-008 explaining why Hydro
22 is not proposing the approach provided in the question.