

1 Q. Further to Hydro's response to PUB-NLH-016.

2 (a) Is Hydro proposing that the proposed load variation component of the Rural Rate
3 Alteration ("RRA") will commence on the effective date of implementation of the
4 proposed Supply Deferral Account or does Hydro plan to recalculate the load variation
5 component of the RRA as of July 1, 2021?

6 (b) Please confirm if the Board approves the proposal of the load variation component of
7 the RRA, this component will be applied to the NP RSP Current Plan balance on a
8 monthly basis until rates are determined for July 1, 2022 and then the RRA will become
9 a separate component in the proposed Supply Cost Variance Deferral Account after that
10 date, assuming that the RSP rate adjustment calculated effective July 1, 2022 reflects
11 the full recovery of the NP Current Plan balance at that time.

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14 A. (a) Newfoundland and Labrador Hydro ("Hydro") is proposing that the load variation
15 component of the Rural Rate Alteration ("RRA") will commence on the effective date of the
16 implementation of the proposed Supply Cost Variance Deferral Account.

17 (b) Hydro's proposal is to continue to calculate the RRA on a monthly basis, including the load
18 variation component, and allocate the price and load variation amounts consistent with the
19 approach applied under the existing Rate Stabilization Plan rules. The rates and test year
20 load forecast used as a basis for determining the RRA monthly transfers will not change until
21 new rates are approved and implemented as a result of the next general rate application.¹

¹ The monthly RRA amount is allocated between Newfoundland Power Inc. and Hydro Rural customers on the Labrador Interconnected System in the same proportion which the rural deficit was allocated in the approved 2019 Test Year Cost of Service Study which is currently 96.1% and 3.9%, respectively. The portion allocated to the Labrador Interconnected System customers is written off to Hydro's net income.