

1 Q. **Reference: Application, paras. 4 and 17**

2 It is stated (para. 4) “In Order No. P.U. 33(2021), the Board approved, among other things,  
3 Hydro’s proposal to establish the Supply Cost Variance Deferral Account to defer payments  
4 under the Muskrat Falls Project (“Project”) agreements and to begin charging Island  
5 Interconnected System supply cost variances to the Supply Cost Variance Deferral Account as of  
6 the effective date of the account.” In para. 17 it is stated “In Order No. P.U. 19(2022), the Board  
7 approved Hydro’s proposal to commence recovery of Project costs and implement a Project  
8 Cost Recovery Rider effective July 1, 2022.”

9 a) Specifically, what is Hydro’s interpretation of the Board’s Orders with respect to cost  
10 recovery of amounts owing in the Supply Cost Variance Deferral Account?

11 b) Is Hydro required to apply annually to the Board for recovery of project costs via the  
12 Project Cost Recovery Rider?

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15 A. a) Disposition of balances in the Supply Cost Variance Deferral Account are subject to a further  
16 Order of the Board of Commissioners of Public Utilities (“Board”). Newfoundland and  
17 Labrador Hydro’s (“Hydro”) application does not include any proposals with respect to  
18 disposition of balances in the Supply Cost Variance Deferral Account.

19 b) In Board Order No. P.U. 19(2022),<sup>1</sup> the Project Cost Recovery Rider of 0.798 cents per kWh  
20 for the Utility Rate was approved “on electrical consumption on and after July 1, 2022.”  
21 Hydro is required to apply to the Board for any change to the Project Cost Recovery Rider  
22 that was implemented July 1, 2022. Please refer to Hydro’s response to PUB-NLH-001 of this  
23 proceeding for Hydro’s reasons for proposing to maintain the existing Project Cost Recovery  
24 Rider.

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<sup>1</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022.