

1 Q. **Reference: CA-NLH-008**

2 a) What is the impact of the \$238.72 million deferral account amount on rates in percentage  
3 terms?

4 b) What are the forecast amounts in deferral accounts that customers will owe at year-end  
5 2022, and year-end 2023?

6 c) In the industry, what is the typical number of deferral accounts granted a generation and  
7 transmission company?

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10 A. a) The rate impact of deferral account balances is dependent on the recovery period approved  
11 by the Board of Commissioners of Public Utilities after considering the evidence provided  
12 and the regulatory principles of Intergenerational Equity and Rate Stability and  
13 Predictability.

14 The Deferred Charges provided in Newfoundland and Labrador Hydro's response to CA-NLH-  
15 008 of this proceeding reflects the balance as of July 31, 2022. The balance of \$238.7 million  
16 includes amounts that have been approved for recovery and the amortization amount is  
17 reflected in current rates, as well as accounts that have not been approved for recovery and  
18 the final balance recoverable from customers will change over time.

19 The rate impacts of the \$238.7 million will vary depending on the account, when recovery  
20 commences, additional activity, and the recovery period. The Supply Cost Variance Deferral  
21 Account, for example, has a balance of \$132.6 million. While the implementation of a  
22 Project Cost Recovery Rider<sup>1</sup> on July 1 Utility customer rates to begin recovery of some the  
23 costs related to the Muskrat Falls Power Purchase Agreement impacted rates by 6%, the  
24 impact of the balance in this deferral account depends on additional activity including any  
25 funds received for rate mitigation.

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

- 1           **b)** The 2022 forecast amount in the deferral accounts that customers will owe at year-end  
2                   2022 are \$336.7 million. The year-end 2023 deferral balances are not available as Hydro has  
3                   not finalized its 2023 budget.
- 4           **c)** The number of deferral accounts required for a utility would be dependent on a wide range  
5                   of circumstances. Hydro has not completed a utility analysis or survey to determine the  
6                   average number of deferral accounts granted for generation and/or transmission regulated  
7                   utilities.