

1 Q. **Reference: Schedule 1**

2 It is stated (page 13) "*Updates to the price can also reduce the potential for large variances in*
3 *deferral accounts, helping to mitigate customer rate volatility.*" Will variances in deferral
4 accounts always exist if tail-block energy charges in NP's retail rates are not adjusted to equal
5 the tail-block energy charge in the wholesale rate?

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8 A. The statement in Schedule 1,¹ is referencing potential variances in Newfoundland and Labrador
9 Hydro's ("Hydro") deferral accounts. Variances between the tail-block energy charge in the
10 wholesale rate and that which is incorporated into Newfoundland Power Inc.'s retail rates do
11 not impact Hydro's deferral accounts.

¹ "Application for Adjustment to Wholesale Utility Rate," Newfoundland and Labrador Hydro, rev. September 25, 2024 (originally filed September 16, 2024), sch. 1, sec. 2.6, p. 13/13-15.