

1 Q. On page 25 of Schedule 1: Evidence of the Application Hydro notes that “as Hydro is not yet
2 proposing an allocation and recovery approach for new transfers to the Supply Cost Variance
3 Deferral Account, with the exception of the Rural Rate Alteration transfers which only apply to
4 Newfoundland Power, no other transfers specific to the Utility balance and Industrial balance
5 will occur until further approval is obtained by the Board.”

6 Please discuss how the balances accumulated in the deferral account components will be
7 allocated to the customer classes. Will Hydro use the energy ratio for each year separately? Or
8 use the energy ratio applicable at the time of allocation?

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11 A. As explained in Newfoundland and Labrador Hydro’s (“Hydro”) response to PUB-NLH-003, Hydro
12 proposes to file a future application with the Board of Commissioners of Public Utilities,
13 subsequent to the next general rate application (“GRA”) Order, to deal with allocation and
14 recovery of the balance in the Supply Cost Variance Deferral Account that accumulates prior to
15 the conclusion of the next GRA. This approach will enable Hydro to consider the next GRA Order
16 (i.e., with respect to the long-term approach to the deferral account) in developing its proposals
17 for allocation and recovery of the balance that accumulated prior to the conclusion of the GRA.