

1 Q. Please outline how the Project Cost Recovery – Utility component of Hydro’s Supply Cost
2 Variance Deferral Account will be accounted for and reported on in Hydro’s monthly Supply Cost
3 Variance Deferral Account Report. As part of this response, please confirm that Newfoundland
4 Power will receive an interest credit associated with its payments made towards deferred cost
5 recovery balances owing. If this cannot be confirmed, please explain.

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8 A. Funds collected from the Project Cost Recovery Rider will be credited to the Project Cost
9 Recovery – Utility component in Newfoundland and Labrador Hydro’s (“Hydro”) Supply Cost
10 Variance Deferral Account and noted as such in the monthly report.

11 As noted in the Supply Cost Variance Deferral Account definition as approved in Board Order No.
12 P.U. 4(2022), “Financing charges on the plan balances will be calculated monthly using a
13 financing rate calculated based on Hydro’s short-term borrowing costs.”¹ The format of the
14 report will display the interest on this component separately.

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022, sch. A, p. 6 of 7.