

1 Q. Further to response to Requests for Information NP-NLH-038, NP-NLH-039 and IN-
2 NLH 027:
3 Please explain why Hydro is not proposing a recovery mechanism to recover the
4 portion of the balances in the proposed Power Purchases Cost Variance Account
5 and the proposed Diesel Unit Cost Variance Deferral Account allocated to regulated
6 Labrador Interconnected customers.

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9 A. Unlike Newfoundland Power customers and Industrial Customers, there is no
10 annual rate adjustment like the RSP for Rural Customers on the Labrador
11 Interconnected System. At this time, Hydro has chosen not to introduce this
12 recovery mechanism to Rural Customers on the Labrador Interconnected System.
13 This is consistent with treatment of other variances in the rural deficit between
14 GRAs which would otherwise have been allocated to Rural Customers on the
15 Labrador Interconnected System.