

1 Q. Assume that NLH's November 18, 2013 application had been approved with respect  
2 to the interim rates proposal. Please indicate whether, in those circumstances, the  
3 application provided for a deferral and recovery adjustment for NLH's Labrador  
4 Interconnected customers.

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7 A. If Hydro's November 18, 2013 Application had been approved with respect to the  
8 interim rates proposal, the Application did not provide for a deferral and recovery  
9 adjustment for Hydro's Labrador Interconnected Customers.

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11 As an alternative to its interim rates request, however Hydro's proposal<sup>1</sup> was as  
12 follows:

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14 *If the Board chooses to not approve interim rates, Hydro proposes that the*  
15 *Board approve a regulatory deferral and recovery mechanism.*

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17 *Under this mechanism, Hydro proposes that, commencing January 1,*  
18 *2014, Hydro would defer any revenue shortfall between existing and*  
19 *approved rates for **all** customer classes ...[Emphasis added].*

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21 As such, the Application did provide for a deferral and recovery mechanism for  
22 Hydro's Labrador Interconnected Customers in this circumstance.

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24 Implementation of the proposed deferral and recovery mechanism means, however,  
25 that Labrador Interconnected Customers would pay no more than if rates had  
26 become effective January 1, 2014 as proposed in Hydro's July 30, 2013 GRA filing.

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<sup>1</sup> Hydro's Interim Rates Evidence, filed November 18, 2013, page 12, lines 4 to 7.

- 1        Additionally, customers' rates would not become effective until the Board makes a
- 2        final ruling on the matter including a decision on the level of the Labrador
- 3        Interconnected revenue requirement to be recovered from customers.