Q. **Reference: GRA, Vol. III, Exhibit 13, Electrification Cost Deferral Account Definition, page 683 pdf**

Citation:

Electrification Cost Recovery

The Electrification Cost Recovery Adjustment, expressed in cents per kWh, will be calculated to provide for the recovery of costs charged annually to the Electrification Cost Deferral Account ("ECDA") over a ten-year period. The Electrification Cost Recovery Adjustment will be calculated to recover the sum of individual amounts representing 1/10th of the transfer to the ECDA for the previous year. There will be different Electrification Cost Recovery Adjustments for Island Industrial Customers and Newfoundland Power. The Electrification Cost Recovery Adjustment for Island Industrial Customers will be calculated based upon the Island Interconnected Recoverable Amount allocated for recovery from Island Industrial Customers. The ECDA Cost Recovery Adjustment for Newfoundland Power will be calculated based upon the allocated Island Interconnected Recoverable Amount to Newfoundland Power (including the allocated Island Interconnected Hydro Rural Amount) plus the allocated Hydro Rural Isolated System amount to Newfoundland Power.

Assignment of Customer Balance for Recovery

The Island Interconnected Recoverable Amount will be allocated among the Island Interconnected customer groups of (i) Newfoundland Power, (ii) Island Industrial Firm, and (iii) Rural Island Interconnected. The allocation will be based on percentages of previous calendar year sales for Utility Firm invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the Island Interconnected Recoverable Amount, which is initially allocated to Rural Island Interconnected, will be added to the Hydro Rural Isolated System Recoverable Amount, and then reallocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion in which the Rural Deficit was allocated in the approved Test Year Cost of Service Study. The portion of the Recoverable Amount which is reallocated to Labrador Interconnected customers shall be charged to the ECDA for future recovery from customers on the Labrador Interconnected System.

a) Please provide a detailed account of the Electrification Cost Deferral Account (ECDA), showing all deferred amounts and their allocation each year from creation through the test year.

b) Please provide a forecast through 2031 of the Electrification Cost Deferral Account (ECDA), showing all deferred amounts and their allocation.

c) Please explain why Hydro thinks that LIS customers should contribute to the ECDA.

A. **a)** For deferred amounts, please refer to Newfoundland and Labrador Hydro's ("Hydro") responses to part a) of CA-NLH-193 and CA-NLH-195 of this proceeding. For allocation, please refer to Chapter 5, Section 5.6.7 and Exhibit 10 of Hydro's 2026 General Rate Application. The rate rider is proposed to commence July 1, 2027. Hydro will submit a separate application that will detail the allocated balances. The opening balance of the Electrification Cost Deferral Account as of January 1, 2027 is approximately $0.9 million, proposed to be recovered over ten years, most of which will be allocated to the Island Interconnected System customers.

b) Please refer to Hydro's response to CA-NLH-192 of this proceeding.

c) Hydro's proposal for recovery of a portion of electrification costs from the Labrador Interconnected Customers is consistent with Government of Newfoundland and Labrador direction on the Rural Deficit. Order in Council OC2003-347 (part v) states:

> Under the authority of section 5.1 of the Electric Power Control Act, 1994, the Lieutenant Governor in Council hereby directs the Board of Commissioners of Public Utilities to:
>
> …

> v) continue to fund the financial deficit resulting from providing electrical service to Newfoundland and Labrador Hydro's rural customers through the electricity rates charged to Newfoundland and Labrador Hydro's other electricity customers, including its Labrador interconnected retail customers and Newfoundland Power, but excluding the industrial customers. [Emphasis Added][1]

The costs recovered through the Electrification Cost Deferral Account represent a portion of the deficit associated with providing service to Hydro's Rural customers. Hydro has therefore proposed recovery in a manner which is consistent with government direction in the above-referenced Order in Council.

[1] Government of Newfoundland and Labrador, *Order in Council* OC2003-347, July 9, 2003.