Q. **Reference: GRA, Vol. III, Exhibit 19, 2027 Revenue Deficiency Summary, page 814 pdf**

Citation:

2027 Revenue Deficiency Summary
($000)

Customer Group	Jan. to June 2027 Revenue	July to Dec. 2027 Revenue	Total 2027 Test Year Revenue	2027 Test Year Costs	Deficiency / (Excess)	Recovery/Transfers: Supply Cost Variance Deferral Account	Recovery/Transfers: Frequency Converter	Recovery/Transfers: Return on Equity Deferral Account	Balance
	(A)	(B)	(C) = (A) + (B)	(D)	(E) = (D) - (C)	(F)	(G)	(H)	
IIC Demand & Energy	19,298	20,478	39,776	42,402	2,627				
IIC Specifically Assigned - Deferral	159	207	366	413	48				
IIC Total	**19,457**	**20,684**	**40,141**	**42,816**	**2,674**	**(2,674)**			-
Newfoundland Power	318,633	258,096	576,729	636,812	60,083	(60,083)			-
Labrador Interconnected	11,896	8,806	20,702	22,231	1,528		(98)	45	1,475
Government Rural[1]	1,470	1,203	2,673	2,824	151				151
Labrador Industrial	2,834	4,585	7,419	9,172	1,753		(26)	11	1,738
Total	**354,291**	**293,375**	**647,665**	**713,854**	**66,189**	**(62,757)**	**(124)**	**56**	**3,364**

[1] Includes recovery of deficiency starting July 1, 2027 in rates.

Please explain in detail the relationship between the figures shown for Labrador Interconnected in the 2027 Revenue Deficiency Summary and those for the Rural Labrador Interconnected – Revenue Deficiency Deferral Account.

A. The figure in Column E Deficiency/(Excess) for the Labrador Interconnected customer group corresponds to Table 6-10: Projected Revenue Deficiency Summary and is directly related to Newfoundland and Labrador Hydro's ("Hydro") proposal to phase in the rate increase for Rural Labrador Interconnected customers over four years rather than implement the full Cost of Service increase in 2027.

Column G, Frequency Converter relates to Hydro's proposal to transfer an amount owing to Rural Labrador Interconnected customers resulting from the Frequency Converter Depreciation Deferral Account Disposition to the Rural Labrador Deficiency Account. A complete description of this account and the proposed disposition is in Section 5.6.3 Frequency Converter Depreciation Deferral Account Disposition.

Column H, Return on Equity Deferral Account relates to an amount due from Rural Labrador Interconnected customers resulting from the proposed disposition of the Return on Equity Rate

Change Deferral Account Amortization. A background on this account and the proposed disposition is in Section 5.6.8 Return on Equity Rate Change Deferral Account Amortization.