

1 Q. **Reference: Volume I, Section 5.6, Issue Topic: Deferral Accounts Excluding Long Term Supply**
2 **Cost Variance Deferral Account**

3 In its letter dated May 26, 2026 regarding Hydro's Application for July 1, 2026 Utility Rate
4 Adjustments, Hydro stated it would continue to work with the Board, Government, and
5 Newfoundland Power to determine an appropriate and defined approach with respect to future
6 applications and the disposition of the Rural Rate Alteration Account balance in the future.

7 Does Hydro view disposing of the December 31, 2026 balance in the Rural Rate Alteration
8 Account in the same manner as the February 28, 2026 balance (that is, to offset the July 1, 2027
9 customer rate adjustment) and past practice of account disposition as a reasonable approach
10 that could be defined as part of Hydro's GRA?

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13 A. Consultations regarding the future application and disposition of the Rural Rate Alteration
14 Account balance have not taken place, and the proposed treatment will be addressed in future
15 discussions with, or application to, the Board of Commissioners of Public Utilities ("Board"). As
16 noted in Newfoundland and Labrador Hydro's ("Hydro") July 1, 2026 Utility Rate Adjustment
17 Application,¹ Hydro will submit a proposal to the Board no later than February 2027.

¹ "2026 Utility Rate Adjustments Effective July 1, 2026," Newfoundland and Labrador Hydro, April 24, 2026.