Q. **Reference: CA-NLH-044.**

Please respond to the question. It is important that the parties and the Board understand the impact of Hydro's capital plans on rates, and by implication, the true cost of paying for Hydro's spending whether it be via rates or taxpayer-funded government spending on rate mitigation.

A. Newfoundland and Labrador Hydro ("Hydro") reports rate mitigation funding included in its Supply Cost Variance Deferral Account ("SCVDA") on a monthly basis.[1] At the time of its finalization in May 2024, rate mitigation from 2023 to 2030 was estimated to cost over $2 billion of Hydro funds[2] and an additional $1 billion in federal investment.[3] Since payment of the Muskrat Falls Project costs began in 2021, an estimated $1.2 billion of funding has been applied against the balance of the SCVDA to date. This includes approximately $0.5 billion of payment made in the form of the federal convertible debenture, and the remaining $0.7 billion made in payments by Hydro and the Government of Newfoundland and Labrador ("Government").

[1] The most recent SCVDA report for September 2025 can be found on the Board of Commissioners of Public Utilities website, Board of Commissioners of Public Utilities

[2] Government of Newfoundland and Labrador, "Provincial Government Announces Finalization of Rate Mitigation Plan," Industry, Energy and Technology, May 16, 2024. Provincial Government Announces Finalization of Rate Mitigation Plan - News Releases

[3] In 2022, as part of the Government's rate mitigation plan, Hydro, the Government and the Government of Canada signed term sheets enabling access, upon commissioning of the Labrador-Island Link ("LIL"), to a $1.0 billion investment by the Government of Canada in the LIL in the form of a convertible debenture. Annually funding is received by LIL (2021) Limited Partnership, and transferred to Hydro for the purpose of rate mitigation, reducing the balance in the SCVDA.