Q. Schedule 1, page 5, lines 17-19. Hydro states that adopting AFUDC based on changes to the level of capital expenditures and the change in the embedded cost of debt since adopting IFRS will help prevent erosion of equity during construction of major projects.

Please provide the forecast impact on equity ($ and %) of comparing the use of IDC and AFUDC for each year from 2026-2032.

A. For details on the forecast impact on equity (dollars and percentage) of comparing the use of Interest During Construction ("IDC") and Allowance for Funds Used During Construction ("AFUDC") for each year from 2026 to 2032, please refer to Table 1. As shown in Table 1, the use of IDC versus AFUDC reduces Newfoundland and Labrador Hydro's equity each year.

Table 1: Impact of Variance Between AFUDC and IDC on Forecasted Equity 2026–2032 ($ Millions)[1]

	2026	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Forecasted Equity – AFUDC[2,3]	714.9	779.1	836.1	901.6	969.5	1,049.2	1,132.9
Forecasted Equity – IDC[1]	712.8	773.2	824.5	879.3	940.1	1,011.0	1,094.3
Resulting Variance in Equity	(2.1)	(5.9)	(11.6)	(22.3)	(29.5)	(38.2)	(38.7)
% Reduction in Equity	-0.3%	-0.8%	-1.4%	-2.5%	-3.0%	-3.6%	-3.4%

[1] Numbers may not add due to rounding.
[2] Forecasted Equity includes retained earnings and impacts of cost-of-service exclusions for the purpose of calculating Regulated equity.
[3] Forecasted Equity – AFUDC reflects the life-to-date additions to the AFUDC Deferral Account at the end of each reporting period. The amortization of the AFUDC Deferral Account is not reflected in the impact, as it is tied to inclusion in future rate applications.