Q. **Reference: Volume 1, table 5-6, page 5.10**

Hydro provides (table 5-6) a table which summarizes Rate Mitigation Funding by source (hydro's internal sources, Government of Canada Convertible Debenture and Government Grant) from 2023 Actual to the 2027 Test Year.

**a)** Provide a breakdown of Hydro's internal sources of rate mitigation funding between LCP Dividends and internally generated rate mitigation funding from 2023 Actual to the 2027 Test Year.

**b)** Provide a breakdown and description of the sources of Hydro's own internal generated rate mitigation funding from 2023 Actual to the 2027 Test Year.

**c)** Provide a summary of the repayment terms and conversion terms of the Government of Canada Convertible Debenture.

**d)** Extend table 5-6 to include the most current 2028 Forecast to 2030 Forecast of rate mitigation funding and comment on the reasons for the changes in the projections of this funding and expected sources of Hydro's own internal rate mitigation funding in this timeframe.

A. **a)** Please refer to Table 1, which provides a breakdown of Newfoundland and Labrador Hydro's ("Hydro") internal sources of rate mitigation funding between Lower Churchill Project ("LCP") Dividends and internally generated rate mitigation funding from 2023 Actual to the 2027 Test Year, the total of which is outlined in Chapter 5, Table 5-6 of Hydro's 2026 General Rate Application.

**Table 1: Breakdown of Internally Generated Rate Mitigation Funding 2023–2027 ($ Millions)**

| | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| LCP Dividends | - | - | 113.4 | 94.5 | 94.8 |
| Other Internally Generated Funding | - | 90.0 | 441.0 | 346.4 | 257.2 |
| **Total** | **-** | **90.0** | **554.4** | **440.9** | **352.0** |

**b)** Please refer to Hydro's response to part d) of CA-NLH-059 of this proceeding.

**c)** A summary of the repayment terms and conversion terms of the Government of Canada convertible debenture is disclosed in the Labrador-Island Link (2021) Limited Partnership ("LIL (2021 LP)") financial statements, available on Hydro's website.[1] A summary of the disclosure is included herein.

In July 2023, LIL (2021) LP and Canada executed an agreement which allows LIL (2021) LP access to a $1.0 billion unsecured convertible debenture with compounding interest at 3.03%, maturing on December 31, 2071, with payments of principal and accrued interest starting in January 2042. Under the terms of the agreement, the debenture is convertible into Class B Limited Partnership Units of LIL (2021) LP at the option of the holder at the earlier of the date on which the debenture is fully drawn and December 31, 2041.

**d)** Please refer to Hydro's response to PUB-NLH-069 of this proceeding.

[1] "LIL (2021) Limited Partnership Consolidated Financial Statements," Newfoundland and Labrador Hydro, December 31, 2025. https://nlhydro.com/wp-content/uploads/2026/06/LIL-2021-LIMITED-PARTNERSHIP-Final-FS.pdf.