Q. **Reference: Order No. P.U. 33(2021), pages 8, 11; Volume 1, pages 170-171; Volume 3 (Exhibit 10), page 690**

Explain why Hydro proposes WACC-based financing charges for the Long-Term Supply Cost Variance Deferral Account rather than short-term borrowing cost, embedded debt cost, risk-free rate, no carrying charge, or another rate — and specifically why the reasoning the Board applied in Order No. P.U. 33(2021), requiring short-term borrowing costs for the existing SCVDA, does not apply here. Provide Hydro's policy rationale, precedent analysis, risk analysis, expected account balance profile, expected recovery timing, and customer impact under alternative carrying-charge rates, and identify the specific utility risk for which WACC compensates Hydro.

A. Please refer to Newfoundland and Labrador Hydro's response to part b) of PUB-NLH-093 of this proceeding.