Q. **Reference: Volume 1, Schedule D-V**

Hydro provides (Schedule D-V) a summary continuity schedule (opening balance on January 1, 2027, additions, dispositions and amortizations and ending balance on December 31, 2027) for deferred charges for the 2027 Test Year only.

a) Provide a Schedule D-V summary of deferred charges for each year of the eight-year period from 2019 Actual to 2026 Forecast.

b) Provide a Schedule D-V summary of deferred charges for each year of the three-year period from 2028 Forecast to 2030 Forecast.

c) Explain the implications of the recent release (May 27, 2026) of a permanent standard for regulatory accounting (IFRS 20 – Regulatory Assets and Regulatory Liabilities) by the IASB.

A. **a)** Please refer to CA-NLH-193, Attachment 1.

b) Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to CA-NLH-192 of this proceeding.

c) While the International Accounting Standards Board issued International Financial Reporting Standards ("IFRS") 20 – Regulatory Assets and Regulatory Liabilities in May 2026, the Accounting Standards Board of Canada has not yet issued the standard. Hydro expects to adopt IFRS 20 effective January 1, 2029, and will continue to apply the interim IFRS 14 – Regulatory Deferral Accounts until then. Given the Accounting Standards Board of Canada has not yet issued the standard, it is unlikely a complete assessment of the impacts of the standard will be complete to fully understand the impact on Hydro in the 2026 General Rate Application.

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2019
($000s)

Deferred Charges:

	January 1, 2019 Opening Balance	Additions	Dispositions	Amortization	December 31, 2019 Closing Balance
Foreign Exchange Losses	49,610	-	-	(2,157)	47,453
Foreign Exchange On Fuel	497	(941)	-	-	(444)
Conservation Demand Program	9,607	1,508	-	(1,432)	9,683
Phase II Hearing Costs	1,188	163	-	-	1,351
Asset Disposal	349	-	-	(19)	330
Deferred Lease Costs	1,790	-	-	(1,341)	449
Supply Deferrals	87,407	19,822	(71,777)	-	35,452
Deferred Power Purchases	(281)	-	-	37	(244)
2018 Revenue Deficiency	756	-	(1,647)	-	(891)
2019 Revenue Deficiency	-	51,812	(52,327)	-	(515)
Hearing Costs	-	1,650	-	(1,100)	550
Business System Transformation Program	-	2,465	-	-	2,465
Reliability And Resource Adequacy	-	179	-	-	179
Firm Energy Purchase	-	(1,476)	-	-	(1,476)
Hydraulic Resource Optimization	-	(272)	-	-	(272)
Labrador Refund	(189)	-	-	189	-
Deferred Industrial Specifically Assigned Revenue	-	-	-	-	-
2018 Cost Deferral	-	-	-	-	-
Deferred Charges	150,734				94,070
Less: Deferred Charges Excluded from Rate Base					
Phase II Hearing Costs	(1,188)				(1,351)
Business System Transformation Program	-				(2,465)
Reliability And Resource Adequacy	-				(179)
Deferred Industrial Specifically Assigned Revenue	-				-
Total Deferred Charges Excluded from Rate Base	(1,188)				(3,995)
Deferred Charges, End of Current Year	149,546				90,075
Deferred Charges, End of Prior Year	63,337				149,546
Average Deferred Charges for Rate Base	**106,442**				119,811

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2020
($000s)

Deferred Charges:

	January 1, 2020 Opening Balance	Additions	Dispositions	Amortization	December 31, 2020 Closing Balance
Foreign Exchange Losses	47,453	-	-	(2,157)	45,296
Foreign Exchange On Fuel	(444)	(212)	-	-	(656)
Conservation Demand Program	9,683	556	-	(1,489)	8,750
Phase II Hearing Costs	1,351	13	-	-	1,364
Asset Disposal	330	-	-	(19)	311
Deferred Lease Costs	449	-	-	(317)	132
Supply Deferrals	35,452	54,949	(30,698)	-	59,703
Deferred Power Purchases	(244)	-	-	31	(213)
2018 Revenue Deficiency	(891)	890	-	-	(1)
2019 Revenue Deficiency	(515)	592	-	-	77
Hearing Costs	550	-	-	(550)	-
Business System Transformation Program	2,465	1,120	-	-	3,585
Reliability And Resource Adequacy	179	586	-	-	765
Firm Energy Purchase	(1,476)	-	1,476	-	-
Hydraulic Resource Optimization	(272)	(996)	-	-	(1,268)
Frequency Converter	-	(244)	-	-	(244)
Deferred Charges	94,070				117,601
Less: Deferred Charges Excluded from Rate Base					
Phase II Hearing Costs	(1,351)				(1,364)
Business System Transformation Program	(2,465)				(3,585)
Reliability And Resource Adequacy	(179)				(765)
Total Deferred Charges Excluded from Rate Base	(3,995)				(5,714)
Deferred Charges, End of Current Year	90,075				111,887
Deferred Charges, End of Prior Year	149,546				90,075
Average Deferred Charges for Rate Base	**119,811**				**100,981**

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2021
($000s)

Deferred Charges:

	January 1, 2021 Opening Balance	Additions	Dispositions	Amortization	December 31, 2021 Closing Balance
Foreign Exchange Losses	45,296	-	-	(2,157)	43,139
Foreign Exchange On Fuel	(656)	640	-	-	(16)
Conservation Demand Program	8,750	1,135	-	(1,585)	8,300
Phase II Hearing Costs	1,364	-	-	-	1,364
Asset Disposal	311	-	-	(19)	292
Deferred Lease Costs	132	-	-	(132)	-
Supply Deferrals	59,703	12,317	(59,697)	-	12,323
Deferred Power Purchases	(213)	-	-	36	(177)
2018 Revenue Deficiency	(1)	-	-	-	(1)
2019 Revenue Deficiency	77	-	-	-	77
Business System Transformation Program	3,585	1,015	-	-	4,600
Reliability And Resource Adequacy	765	1,292	-	-	2,057
Hydraulic Resource Optimization	(1,268)	(1,280)	-	-	(2,548)
Frequency Converter	(244)	(229)	-	-	(473)
Power Purchase Expense Recognition	-	17,573	-	-	17,573
Deferred Charges	117,601				86,510
Less: Deferred Charges Excluded from Rate Base					
Phase II Hearing Costs	(1,364)				(1,364)
Business System Transformation Program	(3,585)				(4,600)
Reliability And Resource Adequacy	(765)				(2,057)
Power Purchase Expense Recognition	-				(17,573)
Total Deferred Charges Excluded from Rate Base	(5,714)				(25,594)
Deferred Charges, End of Current Year	111,887				60,916
Deferred Charges, End of Prior Year	90,075				111,887
Average Deferred Charges for Rate Base	**100,981**				**86,402**

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2022
($000s)

Deferred Charges:

	January 1, 2022 Opening Balance	Additions	Dispositions	Amortization	Reclass	December 31, 2022 Closing Balance
Foreign Exchange Losses	43,139	-	-	(2,157)	-	40,982
Foreign Exchange On Fuel	(16)	417	-	-	-	401
Conservation Demand Program	8,300	1,081	-	(1,854)	-	7,527
Phase II Hearing Costs	1,364	-	-	-	-	1,364
Asset Disposal	292	-	-	(19)	-	273
Isolated Supply	12,323	9,026	(12,394)	-	-	8,955
Deferred Power Purchases	(177)	-	-	37	-	(140)
2018 Revenue Deficiency	(1)	-	-	-	-	(1)
2019 Revenue Deficiency	77	-	-	-	-	77
Business System Transformation Program	4,600	3,114	-	-	(6,687)	1,027
Business System Transformation Program (Approved for Recovery)	-		-		6,687	6,687
Reliability And Resource Adequacy	2,057	286	-	-	-	2,343
Hydraulic Resource Optimization	(2,548)	(3,164)	-	-	-	(5,712)
Frequency Converter	(473)	(229)	-	-	-	(702)
Power Purchase Expense Recognition	17,573	148,155	-	-	-	165,728
Muskrat Falls Export Revenue Recognition Deferral	-	25,757	-	-	-	25,757
Muskrat Falls Power Purchase Agreement Sustaining Capital	-	536	-	-	-	536
Deferred Charges	86,510					255,102
Less: Deferred Charges Excluded from Rate Base						
Phase II Hearing Costs	(1,364)					(1,364)
Business System Transformation Program	(4,600)					(1,027)
Reliability And Resource Adequacy	(2,057)					(2,343)
Power Purchase Expense Recognition	(17,573)					(165,728)
Muskrat Falls Export Revenue Recognition Deferral	-					(25,757)
Muskrat Falls Power Purchase Agreement Sustaining Capital	-					(536)
Total Deferred Charges Excluded from Rate Base	(25,594)					(196,755)
Deferred Charges, End of Current Year	60,916					58,347
Deferred Charges, End of Prior Year	111,887					60,916
Average Deferred Charges for Rate Base	**86,402**					**59,632**

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2023
($000s)

Deferred Charges:

	January 1, 2023 Opening Balance	Additions	Dispositions	Amortization	December 31, 2023 Closing Balance
Foreign Exchange Losses	40,982	-	-	(2,157)	38,825
Foreign Exchange On Fuel	401	(619)	-	-	(218)
Conservation Demand Program	7,527	1,384	-	(1,582)	7,329
Phase II Hearing Costs	1,364	-	-	-	1,364
Asset Disposal	273	-	-	(19)	254
Isolated Supply	8,955	12,374	(9,270)	-	12,059
Deferred Power Purchases	(140)	-	-	36	(104)
2018 Revenue Deficiency	(1)	-	-	-	(1)
2019 Revenue Deficiency	77	-	-	-	77
Business System Transformation Program	1,027	1,511	-	-	2,538
Business System Transformation Program (Approved for Recovery)	6,687				6,687
Reliability And Resource Adequacy	2,343	296	-	-	2,639
Hydraulic Resource Optimization	(5,712)	-	-	-	(5,712)
Frequency Converter	(702)	(229)	-	-	(931)
Power Purchase Expense Recognition	165,728	274,560	-	-	440,288
Muskrat Falls Export Revenue Recognition Deferral	25,757	(12,478)	-	-	13,279
Muskrat Falls Power Purchase Agreement Sustaining Capital	536	4,443	-	-	4,979
Holyrood Thermal Generating Station Accelerated Depreciation	-	(9,843)	-	-	(9,843)
Electrification Cost Deferral	-	785	-	(81)	704
Deferred Charges	255,102				514,213
Less: Deferred Charges Excluded from Rate Base					
Phase II Hearing Costs	(1,364)				(1,364)
Business System Transformation Program	(1,027)				(2,538)
Muskrat Falls Power Purchase Agreement Sustaining Capital	(536)				(4,979)
Reliability And Resource Adequacy	(2,343)				(2,639)
Holyrood Thermal Generating Station Accelerated Depreciation	-				9,843
Electrification Cost Deferral	-				(704)
Power Purchase Expense Recognition	(165,728)				(440,288)
Muskrat Falls Export Revenue Recognition Deferral	(25,757)				(13,279)
Total Deferred Charges Excluded from Rate Base	(196,755)				(455,948)
Deferred Charges, End of Current Year	58,347				58,265
Deferred Charges, End of Prior Year	60,916				58,347
Average Deferred Charges for Rate Base	**59,632**				**58,306**

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2024
($000s)

Deferred Charges:

	January 1, 2024 Opening Balance	Additions	Dispositions	Amortization	December 31, 2024 Closing Balance
Foreign Exchange Losses	38,825	-	-	(2,157)	36,668
Foreign Exchange On Fuel	(218)	1,271	-	-	1,053
Conservation Demand Program (Including Labrador Interconnected)	7,329	1,384	-	(922)	7,791
Phase II Hearing Costs	1,364	-	-	-	1,364
Asset Disposal	254	-	-	(19)	235
Isolated Supply	12,059	6,493	(11,827)	-	6,725
Deferred Power Purchases	(104)	-	-	36	(68)
2018 Revenue Deficiency	(1)	-	-	-	(1)
2019 Revenue Deficiency	77	-	-	-	77
Business System Transformation Program	2,538	1,502	-	-	4,040
Business System Transformation Program (Approved for Recovery)	6,687		-		6,687
Reliability And Resource Adequacy	2,639	325	-	-	2,964
Hydraulic Resource Optimization	(5,712)	(130)	-	-	(5,842)
Frequency Converter	(931)	(229)	-	-	(1,160)
Power Purchase Expense Recognition	440,288	286,215	-	-	726,503
Muskrat Falls Export Revenue Recognition Deferral	13,279	60,486	-	-	73,765
Muskrat Falls Power Purchase Agreement Sustaining Capital	4,979	10,975	-	-	15,954
Holyrood Thermal Generating Station Accelerated Depreciation	(9,843)	(4,282)	-	-	(14,125)
Electrification Cost Deferral	704	65	-	(65)	704
Deferred Charges	514,213				863,334
<u>Less: Deferred Charges Excluded from Rate Base</u>					
Phase II Hearing Costs	(1,364)				(1,364)
Business System Transformation Program	(2,538)				(4,040)
Muskrat Falls Power Purchase Agreement Sustaining Capital	(4,979)				(15,954)
Reliability And Resource Adequacy	(2,639)				(2,964)
Holyrood Thermal Generating Station Accelerated Depreciation	9,843				14,125
Electrification Cost Deferral	(704)				(704)
Power Purchase Expense Recognition	(440,288)				(726,503)
Muskrat Falls Export Revenue Recognition Deferral	(13,279)				(73,765)
Total Deferred Charges Excluded from Rate Base	(455,948)				(811,169)
Deferred Charges, End of Current Year	58,265				52,165
Deferred Charges, End of Prior Year	58,347				58,265
Average Deferred Charges for Rate Base	**58,306**				**55,215**

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2025 (Actual)
($000s)

Deferred Charges:

	January 1, 2025 Opening Balance	Additions	Dispositions	Amortization	December 31, 2025 Closing Balance
Foreign Exchange Losses	36,668	-	-	(2,157)	34,511
Foreign Exchange On Fuel	1,053	(1,625)	-	-	(572)
Conservation Demand Program (Including Labrador Interconnected)	7,791	1,726	8	(1,072)	8,453
Phase II Hearing Costs	1,364	-	-	-	1,364
Asset Disposal	235	-	-	(19)	216
Isolated Supply	6,725	6,339	(6,725)	-	6,339
Deferred Power Purchases	(68)	-	-	36	(32)
2018 Revenue Deficiency	(1)	-	-	-	(1)
2019 Revenue Deficiency	77	-	-	-	77
Business System Transformation Program	4,040	1,505	-	-	5,545
Business System Transformation Program (Approved for Recovery)	6,687	-	-	-	6,687
Reliability And Resource Adequacy	2,964	363	-	-	3,327
Hydraulic Resource Optimization	(5,842)	(53)	5,712	-	(183)
Frequency Converter	(1,160)	(229)	-	-	(1,389)
Power Purchase Expense Recognition	726,503	421,730	-	-	1,148,233
Muskrat Falls Export Revenue Recognition Deferral	73,765	(24,980)	-	-	48,785
Muskrat Falls Power Purchase Agreement Sustaining Capital	15,954	6,296	-	-	22,250
Holyrood Thermal Generating Station Accelerated Depreciation	(14,125)	-	-	-	(14,125)
Electrification Cost Deferral	704	263	-	(65)	902
Return on Equity Rate Change Deferral	-	463	-	-	463
Cloud Cost Deferral	-	2,118	-	-	2,118
General Expense Capitalized Deferral	-	6,286	-	-	6,286
Deferred Charges	863,334				1,279,254
Less: Deferred Charges Excluded from Rate Base					
Phase II Hearing Costs	(1,364)				(1,364)
Business System Transformation Program	(4,040)				(5,545)
Muskrat Falls Power Purchase Agreement Sustaining Capital	(15,954)				(22,250)
Reliability And Resource Adequacy	(2,964)				(3,327)
Holyrood Thermal Generating Station Accelerated Depreciation	14,125				14,125
Electrification Cost Deferral	(704)				(902)
Power Purchase Expense Recognition	(726,503)				(1,148,233)
Muskrat Falls Export Revenue Recognition Deferral	(73,765)				(48,785)
Total Deferred Charges Excluded from Rate Base	(811,169)				(1,216,281)
Deferred Charges, End of Current Year	52,165				62,973
Deferred Charges, End of Prior Year	58,265				52,165
Average Deferred Charges for Rate Base	**55,215**				**57,569**

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2025 (Forecast)
($000s)

Deferred Charges:

	January 1, 2025 Opening Balance	Additions	Dispositions	Amortization	December 31, 2025 Closing Balance
Foreign Exchange Losses	36,668	-	-	(2,157)	34,511
Foreign Exchange on Fuel	1,053	(2,267)	-	-	(1,214)
Conservation Demand Management	7,697	-	(588)	-	7,109
Conservation Demand Management - Labrador Interconnected	94	174	40	-	308
Phase II Hearing Costs[1]	1,705	-	-	-	1,705
Asset Disposal	235	-	-	(19)	216
Isolated Supply	6,725	-	(2,680)	-	4,045
Deferred Power Purchases	(68)	-	-	36	(32)
Business Systems Transformation Program[1]	4,567	1,600	-	-	6,167
Business Systems Transformation Program (Approved for Recovery)	6,687	-	-	-	6,687
Reliability and Resource Adequacy[1]	3,705	458	-	-	4,163
Hydraulic Resource Optimization	(5,842)	-	5,659	-	(183)
Frequency Converter	(1,160)	(229)	-	-	(1,389)
Power Purchase Expense Recognition	726,503	414,173	-	-	1,140,676
Muskrat Falls Export Revenue Recognition	73,765	-	(27,740)	-	46,025
Muskrat Falls Power Purchase Agreement Sustaining Capital	15,954	7,837	-	-	23,791
Holyrood Thermal Generating Station Accelerated Depreciation	(14,125)	-	-	-	(14,125)
Return on Equity	-	463	-	-	463
Electrification Cost	704	98	-	-	802
General Expenses Capitalized	-	6,088	-	-	6,088
Allowance for Funds Used During Construction	-	-	-	-	-
Cloud Cost	-	2,300	-	-	2,300
Total Deferred Charges	864,867	430,695	(25,309)	(2,140)	1,268,113
Less: Deferred Charges Excluded from Rate Base					
Electrification Cost Deferral	(704)				(802)
Power Purchase Expense Recognition	(726,503)				(1,140,676)
Muskrat Falls Export Revenue Recognition Deferral	(73,765)				(46,025)
Total Deferred Charges Excluded from Rate Base	(800,972)				(1,187,503)
Deferred Charges, End of Current Year	63,895				80,610
Deferred Charges, End of Prior Year	63,914				63,895
Average Deferred Charges for Rate Base	**63,904**				**72,252**

[1] Opening balances updated to reflect the balance excluding financial reporting allowances.

Newfoundland and Labrador Hydro
Summary of Deferred Charges
Year Ended December 31, 2026 (Forecast)
($000s)

Deferred Charges:

	January 1, 2026 Opening Balance	Additions	Dispositions	Amortization	December 31, 2026 Closing Balance
Foreign Exchange Losses	34,511	-	-	(2,157)	32,354
Foreign Exchange on Fuel	(1,214)	-	-	-	(1,214)
Conservation Demand Management	7,109	(545)	(44)	-	6,520
Conservation Demand Management - Labrador Interconnected	308	172	44	-	525
Phase II Hearing Costs	1,705	-	-	-	1,705
Asset Disposal	216	-	-	(19)	197
Isolated Supply	4,045	(195)	(4,043)	-	(193)
Deferred Power Purchases	(32)	-	-	32	0
Business Systems Transformation Program	12,854	1,637	-	-	14,491
Reliability and Resource Adequacy	4,163	250	-	-	4,413
Hydraulic Resource Optimization	(183)	-	-	-	(183)
Frequency Converter	(1,389)	(229)	-	-	(1,618)
Power Purchase Expense Recognition	1,140,676	288,042	-	-	1,428,718
Muskrat Falls Export Revenue Recognition	46,025	-	(10,985)	-	35,040
Muskrat Falls Power Purchase Agreement Sustaining Capital	23,791	19,829	-	-	43,620
Holyrood Thermal Generating Station Accelerated Depreciation	(14,125)	2,682	-	-	(11,443)
Return on Equity	463	463	(435)	-	491
Electrification Cost	802	98	-	-	900
General Expenses Capitalized	6,088	6,389	-	(226)	12,251
Allowance for Funds Used During Construction	-	2,117	-	-	2,117
Cloud Cost	2,300	-	-	(322)	1,978
Total Deferred Charges	1,268,113	320,711	(15,463)	(2,692)	1,570,668
Less: Deferred Charges Excluded from Rate Base					
Electrification Cost Deferral	(802)				(900)
Power Purchase Expense Recognition	(1,140,676)				(1,428,718)
Muskrat Falls Export Revenue Recognition Deferral	(46,025)				(35,040)
Total Deferred Charges Excluded from Rate Base	(1,187,503)				(1,464,658)
Deferred Charges, End of Current Year	80,610				106,010
Deferred Charges, End of Prior Year	63,914				80,610
Average Deferred Charges for Rate Base	**72,262**				**93,310**