Q. **Reference: Volume 1, pages 165-166, 171**

Hydro states that remaining balances in the existing SCVDA will be addressed in a future application after the GRA. Provide 2024-2030 continuity schedules for the existing SCVDA, including project cost recovery, rate mitigation funding, fuel, load, export revenue, and other variance components, together with the forecast balance, drivers, expected filing date, proposed disposition methodology and review process, and customer impact of that future application.

A. Newfoundland and Labrador Hydro's ("Hydro") existing Supply Cost Variance Deferral Account ("SCVDA") was established to capture variances in Island Interconnected System supply costs from those reflected in customer rates, including Muskrat Falls Project costs, rate mitigation funding, fuel costs, load variances, export revenues, and other supply cost variances. The account also captures revenue collected through the Project Cost Recovery Rider, which is deferred and applied against supply cost variances. The existing SCVDA accumulates costs, revenues and variances from the 2019 Test Year until the approval of Hydro's Long-Term SCVDA, proposed to be effective January 1, 2027. Hydro has stated that it will address the disposition of the existing SCVDA in a subsequent application following the conclusion of the 2026 General Rate Application ("GRA").

Pursuant to the Government of Newfoundland and Labrador's rate mitigation plan, Hydro's rates for Island Interconnected System customers are structured to target annual increases of approximately 2.25% for domestic residential customers through 2030. Under the existing SCVDA and proposed Long-Term SCVDA framework, any net balance in the account owing from customers is funded annually through the rate mitigation plan (i.e., through Hydro's non-regulated funds to the extent possible). Accordingly, continuity schedules including assumed cost and revenue variances for each component for the existing and Long-Term SCVDA extending through 2030 would not provide meaningful information regarding the eventual disposition of either account, as customer-funded balances will continue to be extinguished each year through the rate mitigation plan up to and including 2030.

As noted above, Hydro will file a separate application following the conclusion of the 2026 GRA to address the disposition of any balance remaining in the existing SCVDA after the transition to the Long-Term SCVDA. As noted in its response to PUB-NLH-092 of this proceeding, Hydro proposes to file an application for approval of the methodology and amortization period for the disposition of the proposed Long-Term SCVDA after rates resulting from the 2026 GRA are implemented. These future applications will address the timing, disposition methodology, review process, and any resulting customer impacts.