

1 Q. Reference: PUB-NLH-068 and PUB-NLH-069 (filed September 14, 2026), including PUB-NLH-
2 069, p. 1, Table 1 and footnote 3; CA-NLH-063, CA-NLH-196 and CA-NLH-198; CA-NLH-249
3 above; OC2024-062(b)–(c)

4 a) Provide annual continuity schedules for the existing Supply Cost Variance Deferral
5 Account (SCVDA) and proposed Long-Term SCVDA from December 31, 2026 through
6 settlement of costs incurred in 2030. Show opening and closing balances, costs,
7 revenues, mitigation recognized, cash received by source and cost year, financing and
8 transfers between accounts. Show the disposition of the 2023 SCVDA balance covered
9 by OC2024-062(c), including any amount still outstanding at December 31, 2026. Explain
10 the entries by which customer-funded balances are “*extinguished*” annually.

11 b) Identify the cost years funded by \$331.3 million forecast receipts in 2030 and \$346.5
12 million expected in Q1 2031. Reconcile their \$677.8 million sum to annual requirements
13 without double counting.

14 c) For each funding source, identify the payer, amount, commitment status, conditions,
15 required approvals and expected receipt date, distinguishing any binding due date. State
16 who bears a funding shortfall or financing cost caused by delay, and identify any
17 authority relied upon to recover those amounts from customers.

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20 A. a) Annual continuity schedules for the existing Supply Cost Variance Deferral Account
21 (“SCVDA”) for 2026 and 2027 were provided in Newfoundland and Labrador Hydro’s
22 (“Hydro”) response to NP-NLH-110, Attachments 1 and 4 of this proceeding.

23 Please refer to NP-NLH-110, Attachment 4, page 2 of 4, showing rate mitigation funding of
24 \$346.5 million in March of 2026, which includes \$90.6 million of rate mitigation funding
25 associated with the December 31, 2023 balance. There is no balance outstanding at
26 December 31, 2026 that relates to the 2023 SCVDA balance covered by OC2024-062(c).

1 Upon the proposed effective date of the Long-Term SCVDA of January 1, 2027, transfers of
2 supply cost variances to the existing SCVDA would cease. The balance remaining in the
3 existing SCVDA at December 31, 2026, is forecast to be extinguished through rate mitigation
4 funding in 2027. This is shown in NP-NLH-110, Attachments 1 and 4. The ending balance of
5 \$202.3 million at December 31, 2026, shown on page 1 of 4 of NP-NLH-110, Attachment 4,
6 ties to the opening balance in the December 31, 2027 account summary shown on page 1
7 of 4 of NP-NLH-110, Attachment 1. On page 2 of 4 of NP-NLH-110, Attachment 1, rate
8 mitigation funding of \$204.7 million is applied to the account in March 2027, reducing the
9 balance to nil. The difference between the December 31, 2026 balance and the funding
10 applied in March 2027 reflects financing charges accrued during the first two months of
11 2027.¹

12 Schedules for the Long-Term SCVDA, effective January 1, 2027 through December 31, 2027,
13 were provided in Hydro's response to NP-NLH-110, Attachment 2.² Please refer to
14 PUB-NLH-142, Attachments 2, 3, and 4 for schedules for the forecast balance for 2028
15 through 2030.

16 Balances in the existing and Long-Term SCVDA are extinguished through the application of
17 Project Cost Recovery Rider revenues and rate mitigation funding, up to and including 2030.

18 **b)** Please refer to Table 1 of Hydro's response to PUB-NLH-069 of this proceeding that shows
19 \$331.3 million of rate mitigation funding forecast to be received in 2030. Footnote 3 to that
20 table states that a further \$346.5 million of rate mitigation funding will be required at
21 December 31, 2030 and is forecast to be received in the first quarter of 2031.

22 Of the \$331.3 million forecast to be received in 2030, \$240.3 million relates to the
23 extinguishment of the forecast December 31, 2029 balance in the Long-Term Supply Cost
24 Variance Deferral Account. The remaining \$91.0 million relates to costs incurred in 2030.

¹ Forecast schedules for the existing SCVDA provided in NP-NLH-110, Attachments 1 and 4 reflect the forecasts used in Hydro's 2026 GRA and exclude the approximately \$45 million Rural Rate Alteration balance transferred to Newfoundland Power Inc. in 2026. Updated schedules which reflect the transfer are provided in PUB-NLH-142, Attachments 5 and 6.

² Forecast schedules for the Long-Term SCVDA for December 31, 2027 provided in NP-NLH-110, Attachment 2 reflect the forecast used in Hydro's 2026 GRA and exclude the approximately \$45 million Rural Rate Alteration balance transferred to Newfoundland Power Inc. in 2026. Updated schedules which reflect the transfer are provided in PUB-NLH-142, Attachment 1.

1 The full \$346.5 million forecast to be received in the first quarter of 2031 relates to costs
2 incurred in 2030 that remain outstanding at December 31, 2030.

3 Accordingly, the combined total of \$677.8 million does not represent a single year's funding
4 requirement. Rather, it consists of:

- 5 • \$240.3 million related to the settlement of the December 31, 2029 Long-Term
6 SCVDA balance; and
- 7 • \$437.5 million related to 2030 costs, comprised of \$91.0 million received during
8 2030 and a further \$346.5 million forecast to be received in the first quarter of
9 2031.

10 c) Sources of rate mitigation funding include the Government of Canada convertible debenture
11 and Hydro's internal sources of funding, which include Lower Churchill Project ("LCP")
12 Excess Dividends. The Government of Canada convertible debenture is discussed in part c)
13 of Hydro's response to CA-NLH-060 of this proceeding. The total funding available under the
14 convertible debenture is \$1.0 billion, which can be drawn up to \$150.0 million annually. The
15 first draw on the convertible debenture occurred in 2023 in the amount of \$144.7 million,
16 and the last draw is forecast to occur in 2029 at an amount of \$105.3 million. Drawings
17 generally occur annually in the third quarter of the year. Hydro's internal sources of funding,
18 including LCP Excess Dividends, are discussed further in Hydro's response to CA-NLH-063
19 and CA-NLH-059 of this proceeding.

20 Internal management approval and approval of Hydro's Board of Directors are required
21 prior to the transfer of funding for rate mitigation purposes. In addition, transfers from
22 internally generated funding sources require direction from Government of Newfoundland
23 and Labrador.

24 If rate mitigation funding is required beyond the amounts currently forecast, OC2024-062
25 requires that additional funding would be provided from Hydro's internal sources, to the
26 extent available.

1 The receipt dates reflected in Hydro's evidence represent forecast timing assumptions.
2 There are no binding due dates applicable to transfers from Hydro's internal funding
3 sources. Funding from the Government of Canada convertible debenture is subject to the
4 terms and conditions of the applicable agreements, which are generally described above
5 and within CA-NLH-060.

6 Variances between actual and forecast rate mitigation funding are recorded in the SCVDA.
7 The account balance attracts financing charges or credits in accordance with the approved
8 account definition. Any resulting financing impacts are reflected in the balance of the
9 deferral account.

10 Pursuant to OC2024-062, customer rate increases associated with Hydro's costs are limited
11 to 2.25% annually for domestic customers through 2030. Consistent with that direction, the
12 source or timing of rate mitigation funding does not alter the application of the 2.25%
13 annual target rate.