

1 Q. **Reference: CA-NLH-191 and CA-NLH-196; PUB-NLH-069 and PUB-NLH-093; NP-NLH-110,**
2 **Attachments 1, 2 and 4**

3 a) Provide the monthly account continuities supporting CA-NLH-250 from December 31,
4 2026 through settlement of 2030 costs, updating NP-NLH-110. Where only annual
5 forecasts are available, allocate them to months using disclosed assumptions. If no
6 forecast is available, illustrate a zero opening balance, \$45.8 million accumulated
7 equally at the twelve month-ends in 2027, and settlement on March 31, 2028.

8 b) Using identical principal movements, compare financing at: (i) the proposed weighted-
9 average cost of capital (WACC); (ii) forecast short-term borrowing rates; and (iii) short-
10 term rates for each amount's first twelve months, with WACC applying thereafter. Show
11 annual and cumulative differences. State how receipts are applied to balances and how
12 ageing, settlement, compounding, annual-to-monthly conversion and credit balances
13 are treated.

14 c) Report the weighted-average and maximum age of balances by originating month,
15 separately for debit and credit balances, and state the weighting method. Repeat the
16 forecast with receipts delayed three months, holding total funding and mitigation
17 recognition unchanged. Identify financing within and outside the SCVDA, who pays it
18 and the authority for recovery; reconcile the result with CA-NLH-265.

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21 A. a) Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to part a) of
22 PUB-NLH-142 of this proceeding for extension of the continuities in NP-NLH-110 for 2028
23 through 2030. Please refer to part b) herein for the scenario requested, illustrating a zero
24 opening balance, \$45.8 million accumulating equally at the 12-month ends in 2027, with
25 settlement on March 31, 2028.

26 b) Please refer to CA-NLH-326, Attachment 1.

1 The illustration assumes a zero opening balance and twelve equal additions of
2 approximately \$3.8 million recorded at the end of each month in 2027, totaling
3 \$45.8 million. As each addition is recorded at month-end, financing begins in the following
4 month. Financing is calculated monthly using the applicable nominal annual rate divided by
5 12 and is added to the account balance monthly.

6 Under the Weighted Average Cost of Capital ("WACC") scenario, the proposed WACC applies
7 throughout the period. Under the short-term borrowing scenario, the applicable forecast
8 nominal short-term borrowing rate applies throughout the period. Under the hybrid
9 scenario, each monthly addition is separately aged and attracts the short-term borrowing
10 rate for its first twelve financing months, after which WACC applies to that addition.

11 The illustration assumes that the full account balance, including accumulated financing
12 charges, is received and settled on March 31, 2028, after the March financing charge has
13 been recorded.

14 Annual nominal rates are converted to monthly rates by dividing the annual rate by 12.
15 Credit balances, if any, would attract financing on the same basis and at the same applicable
16 rate, producing a financing credit rather than a charge.

- 17 c) The requested analysis requires a series of hypothetical assumptions regarding the timing,
18 ageing, and settlement of future balances. Hydro has not performed the requested analysis
19 as Hydro does not consider such hypothetical modelling to be relevant to determining
20 whether financing should be applied to the Long-Term Supply Cost Variance Deferral
21 Account balance or to assessing the appropriateness of the proposed financing rate.

Newfoundland and Labrador Hydro
Long-Term Supply Cost Variance Deferral Account
Summary of Scenarios

	Financing Charges	Difference from Proposal
Scenario 1 - WACC (Proposed)	1,388,829	-
Scenario 2 - Short-Term Borrowing Rate	1,096,570	(292,259)
Scenario 3 - Hybrid	1,110,294	(278,534)

Newfoundland and Labrador Hydro
Long-Term Supply Cost Variance Deferral Account
Scenario - WACC
December 31, 2027

	Subtotal Monthly Variances (\$)	Financing Charge WACC 4.88% (\$)	Cumulative Net Balance (\$)
Opening Balance	-	-	-
Adjustment	-	-	-
Adjusted Opening Balance	-	-	-
January	3,816,667	-	3,816,667
February	3,816,667	15,184	7,648,518
March	3,816,667	30,429	11,495,614
April	3,816,667	45,735	15,358,015
May	3,816,667	61,101	19,235,783
June	3,816,667	76,529	23,128,978
July	3,816,667	92,017	27,037,662
August	3,816,667	107,568	30,961,897
September	3,816,667	123,180	34,901,744
October	3,816,667	138,855	38,857,265
November	3,816,667	154,592	42,828,523
December	3,816,667	170,391	46,815,581
Year-to-Date	45,800,000	1,015,581	46,815,581
January 2028	-	186,253	47,001,834
February 2028	-	186,994	47,188,829
March 2028 ¹	-	-	47,188,829
Settlement	(47,188,829)	-	-
Total	(1,388,829)	1,388,829	-

¹ Assumes the balance is settled March 31, 2028 as per the request.

Newfoundland and Labrador Hydro
Long-Term Supply Cost Variance Deferral Account
Scenario - Short-Term Borrowing Rate
December 31, 2027

	Subtotal Monthly Variances (\$)	Financing Charge ST Borrowing 3.39% ¹ (\$)	Cumulative Net Balance (\$)
Opening Balance	-	-	-
Adjustment	-	-	-
Adjusted Opening Balance	-	-	-
January	3,816,667	-	3,816,667
February	3,816,667	10,618	7,643,951
March	3,816,667	21,266	11,481,884
April	3,816,667	31,943	15,330,493
May	3,816,667	42,650	19,189,810
June	3,816,667	53,387	23,059,863
July	3,816,667	64,153	26,940,683
August	3,816,667	74,950	30,832,300
September	3,816,667	85,777	34,734,743
October	3,816,667	96,633	38,648,043
November	3,816,667	107,520	42,572,230
December	3,816,667	118,437	46,507,334
Year-to-Date, 2027	45,800,000	707,334	46,507,334
January 2028	-	129,385	46,636,719
February 2028	-	129,745	46,766,464
March 2028 ²	-	130,106	46,896,570
Settlement	(46,896,570)	-	-
Total	(1,096,570)	1,096,570	-

¹ Short-Term Borrowing Rate forecast for the 2027 Test Year as per PUB-NLH-142, part e).

² Assumes the balance is settled March 31, 2028 as per the request.

Newfoundland and Labrador Hydro
Long-Term Supply Cost Variance Deferral Account
Scenario - Short-Term Borrowing Rate for 12 Months, Then WACC
December 31, 2027

	Subtotal Monthly Variances (\$)	Financing Charge Hybrid ¹ (\$)	Cumulative Net Balance (\$)
Opening Balance	-	-	-
Adjustment	-	-	-
Adjusted Opening Balance	-	-	-
January	3,816,667	-	3,816,667
February	3,816,667	10,618	7,643,951
March	3,816,667	21,266	11,481,884
April	3,816,667	31,943	15,330,493
May	3,816,667	42,650	19,189,810
June	3,816,667	53,387	23,059,863
July	3,816,667	64,153	26,940,683
August	3,816,667	74,950	30,832,300
September	3,816,667	85,777	34,734,743
October	3,816,667	96,633	38,648,043
November	3,816,667	107,520	42,572,230
December	3,816,667	118,437	46,507,334
Year-to-Date, 2027	45,800,000	707,334	46,507,334
January 2028	-	129,385	46,636,719
February 2028	-	134,311	46,771,030
March 2028 ²	-	139,264	46,910,294
Settlement	(46,910,294)	-	-
Total	(1,110,294)	1,110,294	-

¹ Assumes Short-Term Borrowing Rate forecast for the 2027 Test Year of 3.39% for the first 12 months and then WACC thereafter, per request.

² Assumes the balance is settled March 31, 2028 as per the request.