

1 **Q. Reference: Proposed LT-SCVDA; 2027 Cost of Service Study**

2 Further to CA-NLH-334, where the functionalization, classification and allocation methodology is
3 the same, please confirm whether recording each LT-SCVDA component in a deferral account
4 produces the same class cost responsibility as including the corresponding cost or credit directly
5 in the 2027 Cost of Service Study. Hold the amounts, loads and timing assumptions constant. If
6 the results differ, provide a table showing the difference by component and customer class and
7 explain its cause.

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10 **A.** As noted in Newfoundland and Labrador Hydro's ("Hydro") response to CA-NLH-334 of this
11 proceeding, for each Long-Term Supply Cost Variance Deferral Account ("SCVDA") component,
12 the proposed functionalization and classification are the same as would apply if the
13 corresponding actual cost or credit were directly included in the 2027 Test Year Cost of Service
14 Study.

15 Subject to holding the amounts, loads, and timing assumptions constant, Hydro would expect
16 the resulting customer class cost responsibility to be substantially the same with the exception
17 of any differences arising from the proposed demand allocator for the Long-Term SCVDA.
18 Specifically, demand-related costs are proposed to be allocated using current-year billing
19 demand for Newfoundland Power Inc. and Island Industrial customers and maximum peak
20 demand for Rural Island Interconnected customers, rather than the coincident peak demand
21 allocator used in the 2027 Test Year Cost of Service Study. To the extent the allocation factors
22 produced by these allocators differ from the coincident peak demand allocator, the resulting
23 customer class cost responsibility for demand-related Long-Term SCVDA components would also
24 differ.