

1 Q. **Reference: NP-NLH-110 and NP-NLH-113, Issue Topic: Long Term Supply Cost Variance Deferral**
2 **Account.**

3 Please revise Attachments 1 and 2 to show separately all movements, amounts and balances
4 related to the 2027 revenue deficiency.

5
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7 A. NP-NLH-110, Attachment 1 reflects the wind-up of the current Supply Cost Variance Deferral
8 Account ("SCVDA") and therefore excludes the 2027 revenue deficiency. The only activity
9 reflected in the Utility Customer capital balance on page 3 of 4 and the Industrial Customers
10 capital balance on page 4 of 4 is the transfer of the balances to the SCVDA Summary and their
11 subsequent extinguishment through rate mitigation, along with financing charged on the
12 balance until it is transferred. Accordingly, the 2027 revenue deficiency has no impact on NP-
13 NLH-110, Attachment 1, and no revision to that attachment is required.

14 NP-NLH-110, Attachment 2 includes the 2027 revenue deficiency transferred in on page 3 of 4
15 and 4 of 4 in the month of June and therefore already reflects all associated movements,
16 amounts and balances. NP-NLH-110, Attachment 2 remains unchanged. For comparative
17 purposes, please refer to NP-NLH-175, Attachment 1, which presents the Long-Term SCVDA
18 assuming no revenue deficiency for 2027. The difference between NP-NLH-110, Attachment 2
19 and NP-NLH-175, Attachment 1 represents the impact of the 2027 revenue deficiency.

Supply Cost Variance Deferral Account (Long-Term)^{1,2}

Summary

December 31, 2027

	Supply Cost Variance Deferral Account Balance (\$) (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date to Date (\$)
Opening Balance	-	-	-	-
Adjustment	-	-	-	-
Adjusted Opening Balance	-	-	-	-
January	23,796,970	-	-	23,796,970
February	49,293,638	-	-	49,293,638
March ³	74,911,177	408,420	26,922	75,346,519
April	104,300,920	410,035	27,028	104,737,983
May	131,803,106	411,656	27,135	132,241,897
June	123,544,488	413,284	27,242	123,985,014
July ⁴	122,800,937	(984,180)	(67,570)	121,749,187
August	122,061,780	(988,072)	(67,837)	121,005,871
September	121,302,578	(991,979)	(68,105)	120,242,494
October	120,236,851	(995,902)	(68,374)	119,172,575
November	118,748,564	(999,840)	(68,644)	117,680,080
December	116,686,960	(1,003,794)	(68,915)	115,614,251

¹ Numbers may not add throughout the report due to rounding.

² Financing charges accrued at Test Year Weighted Average Cost of Capital ("WACC") of 4.88%.

³ March activity includes transfers from the 2026 Return on Equity Rate Change Deferral Account balance for Newfoundland Power Inc. ("Newfoundland Power") and Island Industrial Customers ("IIC"). Please refer to pages 3 and 4 for additional details.

⁴ July activity includes transfers to the Frequency Converter from Newfoundland Power and IIC. Please refer to pages 3 and 4 for additional details.

Supply Cost Variance Deferral Account (Long-Term)
Section A: Summary
December 31, 2027

	Project Cost Recovery Rider				Load Variation				Financing Charges ¹				Cumulative Net Balance (\$) (to page 1)	
	Muskrat Falls Project Cost Variance (\$)	Rate Mitigation Fund ² (\$)	Utility ³		Industrial ⁴ (\$)	Holyrood TGS ⁵ Fuel Cost Variance (\$)	Other IIS ⁶ Supply Cost Variance (\$)	Net Revenue From Exports Variance (\$)	Transmission Tariff Revenue Variance (\$)	Utility ⁷		Subtotal Monthly Variance (\$)		
			Utility ³ (\$)	Industrial ⁴ (\$)						Utility (\$)	Industrial (\$)			Other (\$)
Opening Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Opening Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
January	-	41,830,333	(17,011,991)	(1,021,372)	-	-	-	-	-	-	-	-	-	23,796,970
February	-	41,830,333	(15,557,731)	(870,039)	-	-	-	-	-	-	-	-	-	49,293,638
March	-	41,830,333	(15,298,451)	(1,109,275)	-	-	-	-	-	-	-	-	-	74,911,177
April	-	41,830,333	(11,795,947)	(940,880)	-	-	-	-	-	-	-	-	-	104,300,920
May	-	37,412,784	(9,231,479)	(1,091,578)	-	-	-	-	-	-	-	-	-	131,803,106
June	-	-	(7,706,164)	(1,073,671)	-	-	-	-	-	-	-	-	-	123,544,488
July	-	-	(1,103,345)	(128,764)	-	-	-	-	-	-	-	-	-	122,800,937
August	-	-	(1,098,989)	(125,786)	-	-	-	-	-	-	-	-	-	122,061,780
September	-	-	(1,121,672)	(120,225)	-	-	-	-	-	-	-	-	-	121,302,578
October	-	-	(1,469,422)	(75,998)	-	-	-	-	-	-	-	-	-	120,236,851
November	-	-	(1,837,020)	(126,745)	-	-	-	-	-	-	-	-	-	118,748,564
December	-	-	(2,395,016)	(136,181)	-	-	-	-	-	-	-	-	-	116,686,960
Year-to-Date	-	204,734,116	(85,627,227)	(6,820,514)	-	-	-	-	-	-	-	-	-	116,686,960
Total	-	204,734,116	(85,627,227)	(6,820,514)	-	-	-	-	-	-	-	-	-	116,686,960

¹ Financing charges accrued at Test Year WACC of 4.88%.

² As per Order in Council OC2024-062 dated May 7, 2024, Newfoundland and Labrador Hydro has been directed by the Government of Newfoundland and Labrador to use its own sources of rate mitigation and accordingly, transfers of \$204.7 million of funding to its regulated operations are included here.

³ Reflects a Project Cost Recovery Rider of 2.22 cents per kWh effective July 1, 2026, and a Project Cost Recovery Rider of 0.352 cents per kWh effective July 1, 2027.

⁴ Reflects a Project Cost Recovery Rider of 2.015 cents per kWh effective July 1, 2026, and a Project Cost Recovery Rider of 0.23 cents per kWh effective July 1, 2027.

⁵ Holymood Thermal Generating Station ("Holymood TGS").

⁶ Island interconnected System ("IIS").

⁷ As per Board of Commissioners of Public Utilities ("Board") Order No. P.U. (2025), the Board approved a wholesale rate, effective as of January 1, 2025, to be charged to Utility of 5.688 cents per kWh for winter months of December to March and 3.354 cents per kWh for the non-winter months of April to November.

Supply Cost Variance Deferral Account (Long-Term)
Section B: Utility Customer Balance
December 31, 2027

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges ² (\$)	Adjustment (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	-	-	-	-	-
Adjustments	-	-	-	-	-
Adjusted Opening Balance	-	-	-	-	-
January	-	-	-	-	-
February	-	-	-	-	-
March	-	-	-	408,420	408,420
April	-	1,615	-	-	410,035
May	-	1,621	-	-	411,656
June	-	1,628	-	-	413,284
July	-	1,634	-	(1,399,098)	(984,180)
August	-	(3,892)	-	-	(988,072)
September	-	(3,907)	-	-	(991,979)
October	-	(3,923)	-	-	(995,902)
November	-	(3,938)	-	-	(999,840)
December	-	(3,954)	-	-	(1,003,794)
Year-to-Date	-	(13,116)	-	(990,678)	(1,003,794)
Total	-	(13,116)	-	(990,678)	(1,003,794)

¹ The Rural Rate Alteration ("RRA") is allocated between Utility and Labrador Interconnected customers in the same proportion that the rural deficit was allocated in the approved 2027 Cost of Service Study, which is 96.6% and 3.4%, respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss). Ongoing transactions posted to the Utility's Customer Balance include Newfoundland Power's allocation of RRA and associated interest. Disposition is subject to approval from the Board.

² Financing charges accrued at Test Year WACC of 4.88%.

³ March transfer represents the transfer of the December 2026 Return on Equity Rate Change Deferral Account balance attributable to Newfoundland Power to the Utility Customer Balance in the Supply Cost Variance Deferral Account ("SCVDA") for disposition.

⁴ July transfer represents the Utility portion of the Frequency Converter.

Supply Cost Variance Deferral Account (Long-Term)
Section B: Industrial Customers Balance
December 31, 2027

	Financing Charges (\$)	Transfers ^{1,2} (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	-	-	-
Adjustments	-	-	-
Adjusted Opening Balance	-	-	-
January	-	-	-
February	-	-	-
March	-	26,922	26,922
April	106	-	27,028
May	107	-	27,135
June	107	-	27,242
July	108	(94,920)	(67,570)
August	(267)	-	(67,837)
September	(268)	-	(68,105)
October	(269)	-	(68,374)
November	(270)	-	(68,644)
December	(271)	-	(68,915)
Year-to-Date	(917)	(67,998)	(68,915)
Total	(917)	(67,998)	(68,915)

¹ March transfer represents the transfer of the December 2026 Return on Equity Rate Change Deferral Account balance attributable to IIC to the Industrial Customers Balance in the SCVDA for disposition.

² July transfer represents the Industrial portion of the Frequency Converter.