Q. **Reference: GRA, Vol. I, page 165-166 pdf**

Citation:

The existing Supply Cost Variance Deferral Account accumulates costs, revenues and variances from the 2019 Test Year until the conclusion of Hydro's 2026 GRA; after that time, once a new test year is approved, Hydro proposes transitioning to the Long-Term Supply Cost Variance Deferral Account, effective January 1, 2027. Hydro will propose the disposition of any balances remaining in the existing Supply Cost Variance Deferral Account after the transition to the Long-Term Supply Cost Variance Deferral Account in an application following the GRA.

a) Please present the details of the existing SCVDA, showing costs, revenues, variances from the 2019 and year-end balances from its creation to the present.

b) Please present the forecast evolution of the SCVDA from the present until the next GRA.

c) Please explain why Hydro thinks it is appropriate not to address the disposition of the SCVDA balances in the present GRA.

A. **a)** The Board of Commissioners of Public Utilities ("Board") approved the existing Supply Cost Variance Deferral Account ("SCVDA") effective November 1, 2021 in Board Order No. P.U. 33(2021). In accordance with direction from the Board, Newfoundland and Labrador Hydro ("Hydro") files reports on the SCVDA on a monthly basis.[1] For costs, revenues, variances and balances, please refer to the monthly reports available on the Board's website at the following link: SCVDA Reports.

b) Please refer to Hydro's responses to NP-NLH-110 and CA-NLH-196 of this proceeding.

[1] Hydro also includes a quarterly report on its existing SCVDA in its Quarterly Regulatory Report, which is available on the Board website at the following link: Quarterly Regulatory Reports.

c) In Hydro's application for the approval of the SCVDA,[2] Hydro stated its proposal to file a future application with the Board, after the conclusion of the next General Rate Application, to deal with allocation and recovery of the balance in the account. This approach is appropriate since it allows Hydro to address any disposition issues based on the final activity in the account as of December 31, 2026. The application to conclude the SCVDA will address any issues related to fairness between customer classes and other items necessary to close the account. The overall balance in the account will initially be paid in accordance with the rate mitigation plan.

[2] "Supply Cost Accounting Application," Newfoundland and Labrador Hydro, July 29, 2021.