Q. **Reference: Volume I, Section 5.7, Issue Topic: Long Term Supply Cost Variance Deferral Account**

In Hydro's view, would it be reasonable for the Board to consider approaches for the disposition of account balances for the Long Term Supply Cost Variance Deferral Account at the same time it considers Hydro's proposed definitions and allocation methodologies associated with the account? If not, why not?

A. Newfoundland and Labrador Hydro's view is that it is not necessary to address the approaches for the disposition of account balances for the Long-Term Supply Cost Variance Deferral Account ("SCVDA") at this time. The balance in the account will continue to be disposed of by collections from customers through the Project Cost Recovery Rider adjusted each July 1 in accordance with the rate mitigation plan, with the remaining settled through rate mitigation funding up to and including 2030. The specific disposition rules to be added to the Long-Term SCVDA would establish a rider to recover the balance allocated to each customer class. While rates remain subject to rate mitigation, the amount that would otherwise be recovered through this rider would be reflected as an offset to the Project Cost Recovery Rider to maintain the targeted customer rate increases. As a result, the total amount collected from customers would remain unchanged.