Q. **Reference: Volume I, Section 6.4.2 and Volume 3, Exhibit 10, Issue Topic: Deferral Accounts Excluding Long Term Supply Cost Variance Deferral Account**

Please confirm that amounts charged to customers through the Project Cost Recovery component of the Supply Cost Variance Deferral Account, as well as the Long Term Supply Cost Variance Deferral Account, are designed to recover costs associated with the Muskrat Falls project only. If this cannot be confirmed, please explain.

A. The amounts charged to customers through the Project Cost Recovery component of the Supply Cost Variance Deferral Account ("SCVDA") relate to revenue collected through Newfoundland and Labrador Hydro's ("Hydro") Project Cost Recovery Rider. The Project Cost Recovery Rider was established in 2022 to recover Muskrat Falls supply costs, and revenues collected through the rider are credited to the SCVDA.

On May 16, 2024, the Government of Newfoundland and Labrador announced the finalization of its rate mitigation plan with Hydro to mitigate Lower Churchill Project costs for customers subject to Island Interconnected Rates. The plan targets domestic residential rate increases attributable to Hydro's costs at 2.25% annually up to and including 2030. Hydro has utilized the Project Cost Recovery Rider to implement the annual rate increase required under the rate mitigation plan.