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

Does Hydro require Board approval to transfer the 2027 Revenue Deficiency to the existing Supply Cost Variance Deferral Account, pending approval of Hydro's Long-term Supply Cost Variance Deferral Account proposed in the GRA?

A. Newfoundland and Labrador Hydro ("Hydro") is seeking approval from the Board of Commissioners of Public Utilities ("Board") in this proceeding for Hydro's proposed treatment of the 2027 Revenue Deficiency. As described in Hydro's 2026 General Rate Application ("GRA"), Hydro proposes that the 2027 Revenue Deficiency be transferred to the existing Supply Cost Variance Deferral Account ("SCVDA") pending approval of the proposed Long-Term SCVDA. Hydro anticipates that the Long-Term SCVDA will be approved effective January 1, 2027 and, once approved, any applicable balances recorded in the existing SCVDA from January 1, 2027 onward would be transferred to the new account.[1] Hydro has also proposed a Rural Labrador Interconnected – Revenue Deficiency Deferral Account, effective January 1, 2027, to record the revenue deficiency/sufficiency each month until the balance in the account is settled. Accordingly, the proposed treatment of the 2027 Revenue Deficiency forms part of the approvals being sought in Hydro's 2026 GRA.

[1] "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, ch. 6, p. 6.12, f.n. 17.