Q. **Reference: Volume III, Exhibit 10, Section B 4.0, Balance Disposition**

a) When does Hydro plan to file an application for approval of the methodology and amortization period for disposition of the proposed LT SCVDA account balance?

b) Is the initial rate change for disposition of balances in the LT SCVDA planned to occur on July 1, 2028? If not, when will it be implemented?

A. **a)** Newfoundland and Labrador Hydro proposes to file an application for approval of the methodology and amortization period for the disposition of the of the proposed Long-Term Supply Cost Variance Deferral Account ("SCVDA") account balance once rates resulting from the 2026 General Rate Application are implemented.

b) July 1, 2028 would be the target implementation of any proposed disposition of the Long-Term SCVDA since the account would be in operation for one year. However, the proposed rate changes for July 1, 2028 will not differ as a result of any proposal to dispose of balances in the Long-Term SCVDA account due to the rate mitigation plan. 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.