Q. **Reference: Volume I Sections 5.7.1, 5.7.7, and 6.4.2, including footnotes 17 and 18**

**a)** Provide the forecast balance in the existing SCVDA at December 31, 2026, by component.

**b)** Explain the mechanics of restating the existing SCVDA balance upon approval of the LT SCVDA to transfer post-January 1, 2027 activity.

A. **a)** Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to NP-NLH-110 of this proceeding.

**b)** For regulatory purposes, Hydro will continue to use the existing Supply Cost Variance Deferral Account ("SCVDA") until the Long-Term SCVDA is approved. Upon approval, the Long-Term SCVDA will be restated to its approved effective date of January 1, 2027, such that all eligible 2027 activity previously recorded in the existing SCVDA is reflected in the Long-Term SCVDA.

The ending balance of the December 31, 2026 existing SCVDA will not be transferred to the Long-Term SCVDA. Hydro will apply rate mitigation funding in 2027 to the existing SCVDA to extinguish the remaining balance.

The Long-Term SCVDA will be updated to reflect the final test year approved values for recording variances, including the Muskrat Falls supply costs. Transactions from January 1, 2027 to June 30, 2027 will be recorded in the Long-Term SCVDA account.

For financial reporting purposes, Hydro will record the transfer between the existing SCVDA and the Long-Term SCVDA as a one-time adjustment at the date of approval of the Long-Term SCVDA.[1]

[1] This is with the exception of the 2026 closing balance and corresponding rate mitigation payment and interest, as noted above.