NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.U. 15(2026)

IN THE MATTER OF the **Electrical Power Control Act, 1994**, SNL 1994, Chapter E-5.1 (the "**EPCA**") and the **Public Utilities Act**, RSNL 1990, Chapter P-47 (the "**Act**"), as amended and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro, for approval of: (i) a revised Utility Rate reflecting updates to the Rate Stabilization Plan Current Plan Adjustment, Conservation and Demand Management Cost Recovery Adjustment and Project Cost Recovery Rider for Newfoundland Power Inc.; and (ii) a transfer from the Supply Cost Variance Deferral Account - Utility Customer balance to Newfoundland Power, pursuant to sections 70 and 71 of the **Act**.

WHEREAS Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and existing under the **Hydro Corporation Act, 2024, SNL 2024,** Chapter H-18, is a public utility within the meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and

WHEREAS in Order Nos. P.U. 33(2021) and P.U. 4(2022), the Board approved the creation of the Supply Cost Variance Deferral Account ("SCVDA") and revisions to the rules of the Rate Stabilization Plan ("RSP") to provide for the eventual discontinuance of the RSP; and

WHEREAS in Order No. P.U. 19(2022) the Board approved the commencement of the recovery of Muskrat Falls Project costs and implemented a Project Cost Recovery Rider; and

WHEREAS on May 7, 2024 the Government of Newfoundland and Labrador issued Order in Council OC2024-062 directing Hydro to structure any application for utility rate increases such that retail rate increases to domestic rate class customers attributable to Hydro shall be targeted at 2.25% per year up to and including 2030; and

WHEREAS in Order No. P.U. 22(2025) the Board approved a revised Utility Rate, effective July 1, 2025; and

WHEREAS in Order No. P.U. 9(2026) the Board approved the disposition of the balance in the 2025 Isolated Systems Supply Cost Variance Deferral Account as of March 31, 2026 through a debit to the Newfoundland Power RSP Current Plan balance in the amount of $6,091,362 with recovery starting July 1, 2026; and

WHEREAS on April 24, 2026 Hydro filed an application (the "Application") seeking approval for a revised Utility Rate effective July 1, 2026 including:

i) the calculation of the RSP Current Plan Adjustment based on the transfer of $6.1 million from the 2025 Isolated Systems Supply Cost Deferral Account to the Utility Customer balance on March 31, 2026;
ii) a revised RSP Current Plan Adjustment of 0.109 cents per kWh;
iii) a revised Conservative and Demand Management ("CDM") Cost Recovery Adjustment of 0.021 cents per kWh;
iv) a revised Project Cost Recovery Rider of 2.136 cents per kWh;
v) the Utility Rate Sheet included in the Application;
vi) the transfer of approximately $981,447 credit balance from the RSP – Utility Customer balance to the SCVDA – Utility Customer balance; and
vii) a transfer of approximately $45 million from the SCVDA – Utility Customer balance to Newfoundland Power through a bill credit on the May 2026 bill which Newfoundland Power will credit to its Rate Stabilization Account balance to offset Newfoundland Power's portion of the July 1, 2026 rate increase; and

WHEREAS the RSP Rules for Balance Disposition requires Hydro to update the Utility RSP Current Plan Adjustment annually based upon the March 31 RSP balance; and

WHEREAS the RSP Report for the period ending March 31, 2026 indicates a balance of approximately $10.5 million owing from the Utility customer;[1] and

WHEREAS the Application proposed a revised utility RSP Current Plan Adjustment of 0.109 cents per kWh, representing a decrease of 0.304 cents per kWh, effective July 1, 2026; and

WHEREAS the proposed RSP Current Plan Adjustment limits the collection of the RSP balance to the $6.1 million transferred from the Isolated Systems Supply Cost Deferral Account, plus financing costs, to facilitate the phase out of the RSP; and

WHEREAS the Application is also proposing that the remaining forecast credit balance as of June 30, 2026 of $981,447 in the RSP be transferred to the SCVDA - Utility Customer balance; and

WHEREAS the CDM Cost Deferral Account requires Hydro to update the Utility CDM Cost Recovery Adjustment annually to provide for the recovery of costs transferred to the account each year which results in a revised utility CDM Cost Recovery Adjustment of 0.021 cents per kWh, an increase of 0.002 cents per kWh, effective July 1, 2026; and

[1] The March 31 balance includes the $6.1 million approved by the Board to be transferred to the Utility RSP Current Plan balance in Order No. P.U. 9(2026).

WHEREAS revenue collected from Hydro's rural customers due to rate increases that occur between General Rate Applications is placed in the Rural Rate Alteration ("RRA") account; and

WHEREAS the revenue collected is designated for Newfoundland Power Inc. ("Newfoundland Power"), and as of February 28, 2026, the balance in the RRA reflects a credit of $45,034,736;[2] and

WHEREAS on April 14, 2026 the Board requested that Hydro consider whether it would be reasonable for the RRA credit balance to be utilized to reduce the projected July 1, 2026 customer rate impact;

WHEREAS on April 22, 2026 the Government of Newfoundland and Labrador ("Government") requested that Hydro work with Newfoundland Power and the Board to request approval for the transfer of the RRA credit balance through the SCDVA - Utility Customer balance to Newfoundland Power to reduce the projected July 1, 2026 rate increase from approximately 7% to the targeted 2.25% domestic rate increase; and

WHEREAS the Application stated that Hydro, in consultation with Newfoundland Power, calculated the proposed 2.136 cents per kWh utility Project Cost Recovery Rider effective July 1, 2026, an increase of 0.62 cents per kWh, to meet the target 2.25% domestic rate increase; and

WHEREAS the Application was copied to: Newfoundland Power, the Consumer Advocate, Adrienne Ding ("Consumer Advocate"), the Island Industrial Customer Group,[3] Teck Resources Limited; and Linde Canada Inc.; and

WHEREAS on May 22, 2026 Newfoundland Power submitted that it fully supports the use of the RRA account to limit the overall average customer rate increase on July 1, 2026 to 2.3%, noting that the approach is consistent with the request provided by Government and the intended purpose of the RRA account and is in the best interest of customers; and

WHEREAS Newfoundland Power also submitted that the RRA will continue to accumulate credits to at least the end of 2026 and in its view, any additional credits accumulated in Hydro's RRA up to December 31, 2026 should be incorporated in the July 1, 2027 rate adjustment process in the same manner as 2026; and

WHEREAS on May 22, 2026 the Consumer Advocate stated that the proposed rate increase is consistent with rate mitigation initiatives and the direct Government communication; and

WHEREAS on May 26, 2026 Hydro stated that the proposals result in an overall average rate increase of 2.3% for Newfoundland Power's customers and, specifically a 2.25% rate increase for Residential customers consistent with Order in Council OC2024-062; and

[2] Supply Cost Variance Deferral Account dated March 24, 2026.

[3] The members of the Island Industrial Customer Group are Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale Newfoundland and Labrador Limited.

WHEREAS Hydro also stated that it will continue to work with the Board, Government and Newfoundland Power to determine an appropriate and defined approach with respect to future applications and the disposition of the RRA balance in the future, and requests that the Board approve the Application as submitted; and

WHEREAS the material credit balance in the RRA has primarily resulted from significant rate increases incurred by retail customers since the approval of the SCVDA, the Board considers it appropriate to support rate stability by utilizing the RRA credit balance to limit the July 1, 2026 customer rate impact; and

WHEREAS the Board is satisfied that the proposals in the Application are consistent with: the Board's approval to transition to the use of the Supply Cost Variance Deferral Account and the conclusion of RSP; the recovery of the 2025 balance in the Isolated Systems Supply Cost Variance Deferral Account; the rate mitigation plan directed in OC2024-062; and the definition of the CDM Cost Deferral Account; and

WHEREAS the Board accepts that the rate proposals included in the Application including the updated RSP Current Plan Adjustment, Project Cost Recovery Rider and CDM Cost Recovery Adjustment should be approved.

IT IS THEREFORE ORDERED THAT:

1. The calculation of the RSP Current Plan Adjustment based on the collection of approximately $6.1 million from the 2025 Isolated Systems Supply Cost Deferral Account transferred to the RSP - Utility Customer balance on March 31, 2026 and related financing costs is approved.

2. The RSP – Utility Customer balance on June 30, 2026, not including the approximately $6.1 million proposed to be collected in the RSP Current Plan Adjustment, is approved to be transferred to the Supply Cost Variance Deferral Account – Utility Customer balance.

3. The proposed Utility Rate, as set out in Schedule A to this Order, to be effective on all electrical consumption on and after July 1, 2026 is approved.

4. A transfer of approximately $45 million from the Supply Cost Variance Deferral Account – Utility Customer balance to Newfoundland Power Inc. through a bill credit on the May 2026 bill is approved.

5. Hydro shall pay all expenses of the Board arising from the Application.

DATED at St. John's, Newfoundland and Labrador this 5th day of June 2026.

Kevin Fagan
Chair and Chief Executive Officer

John O'Brien, FCPA, FCA, CISA
Commissioner

Jo-Anne Galarneau, LL.B, CMA, ICD.D
Commissioner

Colleen Jones
Assistant Board Secretary

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Availability

This rate is applicable to service to Newfoundland Power ("NP").

Definitions

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below.

In the months of January through March, billing demand shall be the greater of:

a) The highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current month; and

b) The Minimum Billing Demand.

In the months of April through December, billing demand shall be the greater of:

a) The Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and

b) The Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	83,486
Thermal Generation Credit	34,568
Newfoundland Power Generation Credit	**118,054**

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, NP will be provided with an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in

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calculating the associated billing demands for January to December to the highest level that could be sustained.

"Curtailable Credit" is determined based upon NP's forecast curtailable load available for the period in accordance with the terms and conditions set forth in NP's Curtailable Service Option. NP will notify Hydro of its available curtailable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtailable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtailable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtailable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtailment Credit, no test will be required.

NP will be required to provide a report to Hydro no later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtailable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtailment Credit will be established based upon the lesser of the load reduction achieved in the test or the forecast curtailable load (as provided in the previous two paragraphs).

"Maximum Native Load" means the maximum Native Load of NP in the four-month period beginning in December of the preceding year and ending in March of the current year.

"Minimum Billing Demand" means ninety-nine percent (99%) of:

NP's test year Native Load less the Generation Credit and the Curtailable Credit.

The Curtailable Credit reflected in the Minimum Billing Demand will be set to equal the curtailable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

"Month" means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

"Native Load" is the sum of:

a) The amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen-minute period thereafter;

b) The total generation by NP averaged over the same fifteen-minute periods.

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"Weather-Adjusted Native Load" means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load
plus (Weather Adjustment, rounded to 3 decimal places, x 1,000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

"Weather Adjustment True-up" means one-ninth of the difference between:

a) The greater of:

- The Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
- The Minimum Billing Demand, times three; and

b) The sum of the actual billed demands in the Months of January, February and March of the current year.

Monthly Rates

Billing Demand Charge

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

Demand Charge…….. $5.00 per kW of Billing Demand

Energy Charge

January-March

First 590,000,000 kilowatt-hours*…… @ 8.515¢ per kWh
All excess kilowatt-hours*…….... @ 9.698¢ per kWh

April-June

First 290,000,000 kilowatt-hours*…… @ 8.515¢ per kWh
All excess kilowatt-hours*…….... @ 3.354¢ per kWh

July-September

First 130,000,000 kilowatt-hours*…… @ 8.515¢ per kWh
All excess kilowatt-hours*…….... @ 3.354¢ per kWh

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October-November

First 250,000,000 kilowatt-hours*..... @ 8.515¢ per kWh
All excess kilowatt-hours*..... @ 3.354¢ per kWh

December

First 250,000,000 kilowatt-hours*.....@ 8.515¢ per kWh
All excess kilowatt-hours*.....@ 9.698¢ per kWh

Firming-Up Charge

Secondary energy supplied by
Corner Brook Pulp and Paper Limited*.....@ 2.882¢ per kWh

RSP Adjustment - Current Plan.....@ 0.109¢ per kWh

Project Cost Recovery Rider.....@ 2.136¢ per kWh

CDM Cost Recovery Adjustment.....@ 0.021¢ per kWh

***Subject to RSP Adjustment, CDM Cost Recovery Adjustment, and Project Cost Recovery Rider**

Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied to metered demand and energy.

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Adjustment for Station Services and Step-Up Transformer Losses

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering shall be applied to the metered demand.

Weather Adjustment

This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.

b) Weather adjustment shall be derived from Hydro's NP native peak demand model.

c) By September 30th of each year, Hydro shall provide NP with an updated weather adjustment coefficient incorporating the latest year of actuals.

d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weigh regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.

e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition of underlying weather data.

f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of the Weather-Adjusted Native Load by April 5th of each year.

General

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach a mutual agreement, the billing will be based on Hydro's best estimate.