Newfoundland and Labrador Hydro
Hydro Place. 500 Columbus Drive
P.O. Box 12400. St. John's. NL
Canada A1B 4K7
t. 709.737.1400 I f. 709.737.1800
nlhydro.com

October 23, 2026

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Mike McNiven
Senior Regulatory Advisor & Board Secretary

Re: Supply Cost Variance Deferral Account Monthly Report

Further to correspondence from the Board of Commissioners of Public Utilities accompanying Board Order No. P.U. 4(2022), please find enclosed Newfoundland and Labrador Hydro's report on the activity and balance of the Supply Cost Variance Deferral Account to the end of September 2026.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/mc

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Ryan Oake
Board General

Island Industrial Customer Group
Dana Constantine, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Glen G. Seaborn, Poole Althouse

Iron Ore Company of Canada
Gregory A.C. Moores, K.C., Stewart McKelvey

Labrador Interconnected Group
Senwung F. Luk, Olthuis Kleer Townshend LLP
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

Consumer Advocate
Adrienne H.Y. Ding, O'Dea Earle
Justin W. King, O'Dea Earle
Consumer Advocate General

Teck Resources Limited
Darren Hennessey

Linde Canada Inc.
Sheryl E. Nisenbaum
David Sanchez

Newfoundland Power Inc.
Dominic J. Foley
Douglas W. Wright
Regulatory Email

Supply Cost Variance Deferral Account Report (Unaudited)

October 23, 2026

A report to the Board of Commissioners of Public Utilities



Supply Cost Variance Deferral Account[1,2,3]
Summary
September 30, 2026

	Supply Cost Variance Deferral Account Balance ($) (from page 2)	Utility Balance ($) (from page 3)	Industrial Balance ($) (from page 4)	Total to Date ($)
Opening Balance	390,740,090	(40,366,584)	-	**350,373,506**
Adjustment[4]	-	-	(51,816)	**(51,816)**
Adjusted Opening Balance	**390,740,090**	**(40,366,584)**	**(51,816)**	**350,321,690**
January	422,656,688	(42,965,784)	(51,958)	**379,638,946**
February	457,801,440	(45,034,736)	(52,101)	**412,714,603**
March[5]	143,623,434	(47,364,302)	(25,322)	**96,233,810**
April	193,659,624	(49,681,282)	(25,392)	**143,952,950**
May[6]	245,671,127	(6,486,607)	(25,462)	**239,159,058**
June[7]	296,250,902	(9,242,478)	(25,532)	**286,982,892**
July	353,042,842	(10,423,222)	(25,602)	**342,594,018**
August	259,412,017	(11,569,430)	(25,672)	**247,816,915**
September	303,677,870	(12,876,011)	(25,743)	**290,776,116**
October				
November				
December				

[1] Numbers may not add throughout the report due to rounding.
[2] Financing charges accrued at the 2025 short-term cost of borrowing of 3.35%. In December, finance costs will be trued up to reflect the actual short-term cost of borrowing for 2026.
[3] Balances reported may change in a subsequent month due to receipt of final invoice.
[4] The transfer of the December 2025 Rate Stabilization Plan ("RSP") Island Industrial Customers ("IIC") balance to the Supply Cost Variance Deferral Account ("SCVDA") was approved in The Board of Commissioners of Public Utilities ("Board") Order No. P.U. 3(2026).
[5] March activity includes transfers from the 2025 Return on Equity Rate Change Deferral Account balance for Newfoundland Power Inc. ("Newfoundland Power") and IIC as per Board Order No. P.U. 10(2025).
[6] May Utility Balance activity includes a $45 million transfer as per Board Order No. P.U. 15(2026).
[7] June Utility Balance activity includes a transfer as per Board Order No. P.U. 15(2026).

Supply Cost Variance Deferral Account
Section A: Summary
September 30, 2026

			Project Cost Recovery Rider						Load Variation				Financing Charges[1]				
	Muskrat Falls Project Cost Variance ($)	Rate Mitigation Fund[2,3] ($)	Utility[4] ($)	Industrial[5] ($)	Holyrood TGS[6] Fuel Cost Variance ($)	Other IIS[7] Supply Cost Variance ($)	Net Revenue From Exports Variance ($)	Transmission Tariff Revenue Variance ($)	Utility[8] ($)	Industrial ($)	Greenhouse Gas Credit Revenue Variance ($)	Subtotal Monthly Variances ($)	Utility ($)	Industrial ($)	Other ($)	Transfers ($)	Cumulative Net Balance ($)
																	(to page 1)
Opening Balance	2,338,335,896	(1,279,833,434)	(193,562,699)	(11,578,905)	(224,201,524)	(100,346,437)	(184,174,921)	(62,735,864)	70,930,934	60,534,000	(71,725,266)	341,641,780	(11,886,862)	(315,161)	61,300,333	-	390,740,090
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Opening Balance	**2,338,335,896**	**(1,279,833,434)**	**(193,562,699)**	**(11,578,905)**	**(224,201,524)**	**(100,346,437)**	**(184,174,921)**	**(62,735,864)**	**70,930,934**	**60,534,000**	**(71,725,266)**	**341,641,780**	**(11,886,862)**	**(315,161)**	**61,300,333**	**-**	**390,740,090**
January	64,905,706	-	(10,895,187)	(873,993)	(27,432,786)	6,763,877	(391,142)	(1,498,023)	(318,080)	571,850	9,959	30,842,181	(532,239)	(31,838)	1,638,494	-	422,656,688
February	64,450,247	-	(9,467,169)	(897,630)	(17,022,931)	(3,758,973)	(447,275)	(1,498,023)	2,329,128	294,899	301	33,982,574	(562,198)	(34,242)	1,758,618	-	457,801,440
March	59,811,131	(350,300,000)	(10,220,627)	(1,090,712)	(3,835,182)	(5,336,924)	(237,635)	(1,498,023)	(2,733,269)	35,203	(30,784)	(315,436,822)	(588,229)	(36,710)	1,883,755	-	143,623,434
April	64,804,598	-	(8,670,368)	(976,952)	(1,362,040)	(1,013,924) [9]	(327,784)	(1,498,023)	(1,483,274)	244,169	(75,133)	49,641,269	(616,333)	(39,709)	1,050,963	-	193,659,624
May	65,157,980	-	(6,643,735)	(984,266)	(4,269,326)	404,636	(332,047)	(1,498,023)	(554,788)	292,029	(93,463)	51,478,997	(640,174)	(42,395)	1,215,075	-	245,671,127
June	60,838,513	-	(5,548,874)	(847,208)	(2,923,588)	231,865	(198,268)	(1,498,023)	(698,327)	546,832	1,331	49,904,253	(658,442)	(45,102)	1,379,066	-	296,250,902
July	65,693,554	-	(6,735,612)	(1,069,055)	(118,842)	(120,782)	(306,796)	(1,498,023)	(249,458)	380,698	1,655	55,977,339	(673,700)	(47,431)	1,535,732	-	353,042,842
August	65,664,233	(150,000,000)	(6,694,198)	(1,058,580)	(121,055)	(549,523)	(243,797)	(1,498,023)	(432,626)	412,897	(80,914)	(94,601,586)	(692,221)	(50,371)	1,713,353	-	259,412,017
September	59,631,843	-	(6,864,320)	(923,533)	(6,533,716)	(404,657)	(239,236)	(1,498,023)	(230,195)	643,000	(28,615)	43,552,548	(710,628)	(53,282)	1,477,215	-	303,677,870
October																	
November																	
December																	
Year-to-Date	**570,957,805**	**(500,300,000)**	**(71,740,090)**	**(8,721,929)**	**(63,619,466)**	**(3,784,405)**	**(2,723,980)**	**(13,482,207)**	**(4,370,889)**	**3,421,577**	**(295,663)**	**(94,659,247)**	**(5,674,164)**	**(381,080)**	**13,652,271**	**-**	**(87,062,220)**
Total	**2,909,293,701**	**(1,780,133,434)**	**(265,302,789)**	**(20,300,834)**	**(287,820,990)**	**(104,130,842)**	**(186,898,901)**	**(76,218,071)**	**66,560,045**	**63,955,577**	**(72,020,929)**	**246,982,533**	**(17,561,026)**	**(696,241)**	**74,952,604**	**-**	**303,677,870**

[1] Financing charges accrued at the 2025 short-term cost of borrowing of 3.35% for the period of January to September 2026. In December, the interest expense will be trued up to reflect the short-term interest rate for 2026.

[2] As per Order in Council OC2024-062 dated May 7, 2024, Newfoundland and Labrador Hydro has been directed by the Government of Newfoundland and Labrador ("Government") to use its own sources of rate mitigation and accordingly, in March 2026, transferred $350.3 million of funding to its Regulated operations. The $350.3 million includes $90.6 million of rate mitigation funding related to the retirement of the 2023 SCVDA of $271 million over the 2024 to 2026 period.

[3] In 2022, as part of the Government's rate mitigation plan, Hydro, the Government and the Government of Canada signed term sheets enabling access, upon commissioning of the Labrador-Island Link ("LIL"), to a $1.0 billion investment by the Government of Canada in the LIL in the form of a convertible debenture. In August 2026, $150 million of funding was received by LIL (2021) Limited Partnership, and transferred to Hydro for the purpose of rate mitigation, reducing the balance in the SCVDA.

[4] As per Board Order No. P.U. 22(2025), the Board approved a Project Cost Recovery Rider of 1.516 cents per kWh effective July 1, 2025, and in Board Order No. P.U.15(2026), the Board approved a Project Cost Recovery Rider of 2.136 cents per kWh effective July 1, 2026.

[5] As per Board Order No. P.U. 3(2026), the Board approved a Project Cost Recovery Rider of 1.745 cents per kWh effective January 1, 2026, and in Board Order No. P.U.17(2026), the Board approved a Project Cost Recovery Rider of 1.987 cents per kWh effective July 1, 2026.

[6] Holyrood Thermal Generating Station ("Holyrood TGS").

[7] Island Interconnected System ("IIS").

[8] As per Board Order No. P.U. 1(2025), the Board approved a wholesale rate, effective as of January 1, 2025, to be charged to Utility of 9.698 cents per kWh for the winter months of December to March and 3.354 cents per kWh for the non-winter months of April to November.

[9] Balance reported changed due to the receipt of the final invoice.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
September 30, 2026

	Allocation Rural Rate Alteration[1] ($)	Financing Charges[2] ($)	Adjustment[3] ($)	Transfers[4,5] ($)	Cumulative Net Balance ($) (to page 1)
Opening Balance	(37,866,434)	(2,500,150)	-	-	(40,366,584)
Adjustments	-	-	-	-	-
Adjusted Opening Balance	**(37,866,434)**	**(2,500,150)**	**-**	**-**	**(40,366,584)**
January	(2,488,204)	(110,996)	-	-	(42,965,784)
February	(1,950,809)	(118,143)	-	-	(45,034,736)
March	(2,614,154)	(123,832)	-	408,420	(47,364,302)
April[6]	(2,186,742)	(130,238)	-	-	(49,681,282)
May	(1,703,452)	(136,609)	45,034,736	-	(6,486,607)
June	(1,501,027)	(17,836)	-	(1,237,008)	(9,242,478)
July	(1,155,330)	(25,414)	-	-	(10,423,222)
August	(1,117,547)	(28,661)	-	-	(11,569,430)
September	(1,274,769)	(31,812)	-	-	(12,876,011)
October					
November					
December					
Year-to-Date	**(15,992,034)**	**(723,541)**	**45,034,736**	**(828,588)**	**27,490,573**
Total	**(53,858,468)**	**(3,223,691)**	**45,034,736**	**(828,588)**	**(12,876,011)**

[1] The Rural Rate Alteration ("RRA") is allocated between Utility and Labrador Interconnected customers in the same proportion that the rural deficit was allocated in the approved 2019 Cost of Service Study, which is 96.1% and 3.9%, respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss). Ongoing transactions posted to the Utility's Customer Balance include Newfoundland Power's allocation of RRA and associated interest. Disposition is subject to approval from the Board.

[2] Financing charges accrued at the 2025 short-term cost of borrowing of 3.35% until December, at which time the interest expense will be trued up to reflect the short-term interest rate for 2026.

[3] Transfer of $45 million to Newfoundland Power was approved in Board Order No. P.U. 15(2026).

[4] The transfer of the December 2025 Return on Equity Rate Change Deferral Account balance attributable to Newfoundland Power to the Utility Customer Balance in the SCVDA for disposition was approved in Board Order No. P.U. 10(2025).

[5] The transfer of the June 2026 RSP Utility Customer Balance to the Utility Customer Balance in the SCVDA was approved in Board Order No. P.U. 15(2026). The transfer does not include the approximately $6.1 million proposed to be collected in the RSP Current Plan Adjustment.

[6] Balance previously reported changed to reflect a correction to the April balance.

Supply Cost Variance Deferral Account
Section B: Industrial Customers Balance
September 30, 2026

	Financing Charges ($)	Transfers[1,2] ($)	Cumulative Net Balance ($) (to page 1)
Opening Balance	-	-	-
Adjustments	-	(51,816)	(51,816)
Adjusted Opening Balance	**-**	**(51,816)**	**(51,816)**
January	(142)	-	(51,958)
February	(143)	-	(52,101)
March	(143)	26,922	(25,322)
April	(70)	-	(25,392)
May	(70)	-	(25,462)
June	(70)	-	(25,532)
July	(70)	-	(25,602)
August	(70)	-	(25,672)
September	(71)	-	(25,743)
October			
November			
December			
Year-to-Date	**(849)**	**26,922**	**26,073**
Total	**(849)**	**(24,894)**	**(25,743)**

[1] The transfer of the December 2025 RSP IIC balance to the SCVDA was approved in Board Order No. P.U. 3(2026).

[2] The transfer of the December 2025 Return on Equity Rate Change Deferral Account balance attributable to IIC to the Industrial Customer Balance in the SCVDA for disposition was approved in Board Order No. P.U. 10(2025).