



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

September 25, 2023

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

Attention: Jo Galarneau
Executive Director and 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),¹ please find enclosed Newfoundland and Labrador Hydro's ("Hydro") report on the activity and balance of the Supply Cost Variance Deferral Account to the end of August 2023.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Cheryl Blundon
PUB Official Email

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

Linde Canada Inc.
Sheryl E. Nisenbaum
Peter Strong

Island Industrial Customer Group
Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

Consumer Advocate
Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.
Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

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

Teck Resources Limited
Shawn Kinsella

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.

Supply Cost Variance Deferral Account Report (Unaudited)

August 2023

September 25, 2023

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
Summary
August 31, 2023**

	Supply Cost Variance Deferral Account Balance (\$) ^{1,2} (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	196,185,156	(5,784,457)	-	190,400,699
Adjustment	-	-	-	-
Adjusted Opening Balance	196,185,156	(5,784,457)	-	190,400,699
January	207,618,980	(6,387,985)	-	201,230,995
February	192,419,865	(7,469,300)	-	184,950,565
March	20,059,048	(8,219,619)	-	11,839,429
April	55,416,417	(8,619,770)	-	46,796,647
May	105,120,896	(8,946,594)	-	96,174,302
June	155,804,863	(9,273,832)	-	146,531,031
July	215,142,687	(9,536,817)	-	205,605,870
August	124,311,753	(9,940,006)	-	114,371,747
September				
October				
November				
December				

¹ In March 2023, government provided \$190.4 million for the purpose of mitigating projected future customer rate increases that would be required to recover net supply costs incurred.

² In 2022, as part of the government's rate mitigation plan, Newfoundland and Labrador Hydro ("Hydro"), the Government of Newfoundland and Labrador 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. On August 15, 2023, the first drawing on the convertible debenture of \$144.7 million was received by LIL (2021) Limited Partnership, and on August 28, 2023, the funds were transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

Supply Cost Variance Deferral Account Report for August 2023 (Unaudited)
Page 2 of 4

Supply Cost Variance Deferral Account
Section A - Summary
August 31, 2023

	Muskat Falls Project Cost Variance ¹		Rate Mitigation Fund ^{2,3}		Project Cost Recovery Rider		Holyrood TGS ⁴		Other IIS ⁵ Supply Cost Variance ⁶		Net Revenue From Exports Variance ⁷		Transmission Tariff Revenue Variance ⁸		Load Variation		Greenhouse Gas Credit Revenue Variance ⁹		Subtotal Monthly Variations		Financing Charges			Cumulative Net Balance (to page 1)
	(\$)	(\$)	(\$)	(\$)	Utility ⁴ (\$)	Industrial (\$)	Fuel Cost Variance ⁵ (\$)	Holyrood TGS ⁴ Variance ⁶ (\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	Utility (\$)	Industrial (\$)	Greenhouse Gas Credit Revenue Variance (\$)	Subtotal Monthly Variations (\$)	Utility (\$)	Other (\$)	Transfers (\$)			
Opening Balance	277,547,131	-	-	-	(18,942,087)	-	(65,302,273)	(28,114,785)	(33,075,710)	(10,113,160)	63,550,645	18,294,888	(12,412,517)	191,432,132	(133,641)	-	4,886,665	-	-	-	-	-	-	196,185,156
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjusted Opening Balance	277,547,131	-	-	-	(18,942,087)	-	(65,302,273)	(28,114,785)	(33,075,710)	(10,113,160)	63,550,645	18,294,888	(12,412,517)	191,432,132	(133,641)	-	4,886,665	-	-	-	-	-	-	196,185,156
January	19,795,154	-	-	-	(5,134,003)	-	(16,202,730)	(812,794)	(499,872)	(862,075)	13,086,281	1,367,244	3,962	10,741,167	(66,877)	759,534	-	-	-	-	-	-	207,616,980	
February	19,400,443	-	-	-	(5,471,265)	-	(17,765,083)	(4,632,696)	(385,775)	(1,179,438)	(6,743,241)	1,080,034	(235,119)	(15,932,140)	(85,004)	818,029	-	-	-	-	-	-	192,419,865	
March	20,390,107	(190,404,321)	-	-	(5,338,713)	-	11,674,220	(5,025,833)	(343,485)	(1,107,140)	(4,180,062)	1,295,997	(950)	(173,040,180)	(104,321)	783,684	-	-	-	-	-	-	20,059,048	
April	40,844,451	-	-	-	(4,335,837)	-	2,987,365	(951,082)	(146,610)	(1,534,710)	(2,840,629)	1,263,600	-	-	(123,170)	193,991	-	-	-	-	-	-	55,416,417	
May	59,641,132	-	-	-	(3,591,165)	-	(1,111,997)	(725,657)	(110,345)	(1,498,412)	(5,144,457)	2,049,725	-	-	(138,478)	334,133	-	-	-	-	-	-	105,120,896	
June	60,819,151	-	-	-	(2,949,492)	-	(3,102,773)	(668,681)	(41,093)	(1,498,023)	(4,434,173)	2,368,795	(180,887)	50,312,824	(151,157)	522,300	-	-	-	-	-	-	155,804,863	
July	61,225,265	-	-	-	(2,449,926)	-	(138,368)	(392,215)	(68,528)	(1,498,023)	161,981	1,947,549	-	58,787,735	(161,571)	711,660	-	-	-	-	-	-	215,142,687	
August	56,198,307	(144,700,000)	-	-	(2,400,596)	-	(654)	(474,663)	(71,846)	(1,498,023)	(59,310)	1,414,565	1,697	(91,590,523)	(170,220)	929,809	-	-	-	-	-	-	124,311,753	
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Year-to-Date	338,314,010	(335,104,321)	-	-	(31,670,997)	-	(23,660,020)	(13,683,621)	(1,667,554)	(10,675,844)	(10,153,610)	12,787,509	(411,297)	(75,925,745)	(1,000,798)	5,053,140	-	-	-	-	-	-	-	(71,873,403)
Total	615,861,141	(335,104,321)	-	-	(50,613,084)	-	(88,962,293)	(41,798,406)	(34,743,264)	(20,789,004)	53,397,035	31,082,397	(12,823,814)	115,506,387	(1,134,439)	9,939,805	-	-	-	-	-	-	-	124,311,753

¹ LIL was commissioned on April 14, 2023, and Hydro began making payments under the Transmission Funding Agreement.
² In March 2023, government provided \$190.4 million for the purpose of mitigating projected future customer rate increases that would be required to recover net supply costs incurred.
³ In 2022, as part of the government's rate mitigation plan, Hydro, the Government of Newfoundland and Labrador and the Government of Canada signed term sheets enabling access, upon commissioning of the LIL, to a \$1.0 billion investment by the Government of Canada in the LIL, in the form of a convertible debenture. On August 15, 2023, the first drawing on the convertible debenture of \$144.7 million was received by LIL (2021) Limited Partnership, and on August 28, 2023, the funds were transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.
⁴ As per Order No. P.U. 19(2022), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider that became effective as of July 1, 2022. There was no change to the Project Cost Recovery Rider effective July 1, 2023 as per Board Order No. P.U. 15(2023).
⁵ Holyrood Thermal Generating Station ("Holyrood TGS").
⁶ In 2021, Nalcor Energy ("Nalcor") commenced delivery of the Nova Scotia Block that, combined with limited LIL capacity, meant Hydro could not be delivered as much energy from the Muskrat Falls Hydroelectric Generating Facility as it would otherwise. Nalcor committed to indemnify Hydro for any damages suffered as a result of this reduction in deliveries, including compensating Hydro for incremental costs of fuel and/or imports over the Maritime Link. The 2023 balances reflect adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries.
⁷ Island Interconnected System ("IIS").
⁸ In August 2023, an adjustment was made to July's export activity to reflect actual net exports for that month.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
August 31, 2023

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
Adjustments	-	-	-	-
Adjusted Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
January	(583,105)	(20,423)	-	(6,387,985)
February	(1,058,761)	(22,554)	-	(7,469,300)
March	(723,948)	(26,371)	-	(8,219,619)
April	(371,131)	(29,020)	-	(8,619,770)
May	(296,391)	(30,433)	-	(8,946,594)
June	(295,651)	(31,587)	-	(9,273,832)
July	(230,243)	(32,742)	-	(9,536,817)
August	(369,518)	(33,671)	-	(9,940,006)
September				
October				
November				
December				
Year-to-Date	(3,928,748)	(226,801)	-	(4,155,549)
Total	(9,554,536)	(385,470)	-	(9,940,006)

¹The Rural Rate Alteration 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).

Monthly balances reflect immaterial adjustments.

The only transactions posted to the Utility's Customer Balance are Newfoundland Power Inc.'s allocation of Rural Rate Alteration and associated interest until further approval is obtained from the Board.

Supply Cost Variance Deferral Account
Section B: Industrial Customers Balance¹
August 31, 2023

	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September			
October			
November			
December			
Year-to-Date	-	-	-
Total	-	-	-

¹ No transactions will be applied to this balance until further approval is obtained from the Board.