



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

April 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: Cheryl Blundon  
Director of Corporate Services 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),<sup>1</sup> 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 March 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  
PUB Official Email

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

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

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

**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  
Bernard M. Coffey, KC

**Teck Resources Limited**  
Shawn Kinsella

**Linde Canada Inc.**  
Sheryl E. Nisenbaum  
Peter Strong

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

<sup>1</sup> *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)

March 2023

April 25, 2023

A report to the Board of Commissioners of Public Utilities



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

	Supply Cost Variance Deferral Account Balance (\$) <sup>1</sup> (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	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>196,185,156</b>	<b>(5,784,457)</b>	<b>-</b>	<b>190,400,699</b>
January	207,626,354	(6,387,985)	-	201,238,369
February	192,413,524	(7,469,300)	-	184,944,224
March	20,708,246	(8,219,619)	-	12,488,627
April				
May				
June				
July				
August				
September				
October				
November				
December				

<sup>1</sup> 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 to the end of 2022.

Supply Cost Variance Deferral Account Report for March 2023 (Unaudited)

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

	Project Cost Recovery Rider			Load Variation			Financing Charges			Cumulative Net Balance (\$)						
	Muskkrat Falls Project Cost Variance (\$)	Rate Mitigation Fund <sup>1</sup> (\$)	Utility <sup>2</sup> (\$)	Industrial (\$)	Holyrood TGS <sup>3</sup> Fuel Cost Variance <sup>4</sup> (\$)	Other IIS <sup>5</sup> Supply Cost Variance <sup>4</sup> (\$)	Net Revenue From Exports Variance (\$)	Transmission Tariff Revenue Variance (\$)	Utility (\$)		Industrial (\$)	Greenhouse Gas Credit Revenue Variance (\$)	Subtotal Monthly Variances (\$)	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>277,547,131</b>	<b>-</b>	<b>(18,942,087)</b>	<b>-</b>	<b>(65,302,273)</b>	<b>(28,114,785)</b>	<b>(33,075,710)</b>	<b>(10,113,160)</b>	<b>63,550,645</b>	<b>18,294,888</b>	<b>(12,412,517)</b>	<b>191,432,132</b>	<b>(133,641)</b>	<b>4,886,665</b>	<b>-</b>	<b>196,185,156</b>
January	19,795,154	-	(5,134,003)	-	(16,219,114)	(789,036)	(499,872)	(862,075)	13,086,281	1,367,244	3,962	10,748,541	(66,877)	759,534	-	207,626,354
February	19,400,443	-	(5,471,265)	-	(17,767,631)	(4,643,889)	(385,775)	(1,179,438)	(6,743,241)	1,080,034	(235,119)	(15,945,881)	(85,004)	818,055	-	192,413,524
March	20,390,107	(190,404,321)	(5,338,713)	-	12,517,521	(4,903,144)	(653,913)	(1,107,140)	(4,180,062)	1,295,997	(950)	(172,384,618)	(104,321)	783,661	-	20,708,246
April																
May																
June																
July																
August																
September																
October																
November																
December																
<b>Year-to-Date</b>	<b>59,585,704</b>	<b>(190,404,321)</b>	<b>(15,943,981)</b>	<b>-</b>	<b>(21,469,224)</b>	<b>(10,336,069)</b>	<b>(1,539,560)</b>	<b>(3,148,653)</b>	<b>2,162,978</b>	<b>3,743,275</b>	<b>(232,107)</b>	<b>(177,581,958)</b>	<b>(256,202)</b>	<b>2,361,250</b>	<b>-</b>	<b>(175,476,910)</b>
<b>Total</b>	<b>337,132,835</b>	<b>(190,404,321)</b>	<b>(34,886,068)</b>	<b>-</b>	<b>(86,771,497)</b>	<b>(38,450,854)</b>	<b>(34,615,270)</b>	<b>(13,263,813)</b>	<b>65,713,623</b>	<b>22,038,163</b>	<b>(12,644,624)</b>	<b>13,850,174</b>	<b>(389,843)</b>	<b>7,247,915</b>	<b>-</b>	<b>20,708,246</b>

<sup>1</sup> 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 to the end of 2022.

<sup>2</sup> As per Order No. P.U. 19(2022), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 0.798 cents per kWh that became effective as of July 1, 2022.

<sup>3</sup> Holyrood Thermal Generating Station ("Holyrood TGS").

<sup>4</sup> In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited ILL 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. In March, Hydro received estimates for February which were retroactively updated.

<sup>5</sup> Island Interconnected System ("IIS").

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

	Allocation	Financing	Transfers	Cumulative
	Rural Rate	Charges		Net
	Alteration <sup>1</sup>			Balance
	(\$)	(\$)	(\$)	(\$)
Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
Adjustments	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>(5,625,788)</b>	<b>(158,669)</b>	<b>-</b>	<b>(5,784,457)</b>
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				
May				
June				
July				
August				
September				
October				
November				
December				
<b>Year-to-Date</b>	<b>(2,365,814)</b>	<b>(69,348)</b>	<b>-</b>	<b>(2,435,162)</b>
<b>Total</b>	<b>(7,991,602)</b>	<b>(228,017)</b>	<b>-</b>	<b>(8,219,619)</b>

<sup>1</sup> The 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'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 Balance<sup>1</sup>**  
**March 31, 2023**

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

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