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

August 14, 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: Quarterly Regulatory Report for the Quarter Ended June 30, 2023

Enclosed is Newfoundland and Labrador Hydro's ("Hydro") Quarterly Regulatory Report for the Quarter Ended June 30, 2023.

The Quarterly Regulatory Report is divided into three reports, as follows:

1) Quarterly Summary;

2) Contribution In Aid of Construction; and

3) Customer Damage Claims.

Please note that Hydro's Board of Directors are scheduled to meet August 15, 2023, at which time they will review and approve the financial statements provided in Appendix E of Tab 1. Hydro will provide the enclosed Quarterly Regulatory Report to other parties subsequent to the approval of the financial statements.

If you have any questions on the enclosed, 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

Quarterly Regulatory Report

Quarter Ended June 30, 2023

August 14, 2023

A report to the Board of Commissioners of Public Utilities

Index

Tab 1

Quarterly Summary

Quarter Ended June 30, 2023

Contents

List of Appendices

List of Attachments

Abbreviations

Term	Definition
AIF	All-Injury Frequency
bbl.	Barrel
CIAC	Contribution in Aid of Construction
CBPP	Corner Brook Pulp and Paper Limited
CDM	Conservation and Demand Management
CF(L)Co	Churchill Falls (Labrador) Corporation
EC	Electricity Canada
EMS	Environmental Management System
FEED	Front-end engineering design
FTE	Full-time equivalent
Holyrood TGS	Holyrood Thermal Generating Station
Hydro	Newfoundland and Labrador Hydro
LTIF	Lost-Time Injury Frequency
Newfoundland Power	Newfoundland Power Inc.
NLH	Newfoundland and Labrador Hydro
Q1	First quarter
RSP	Rate Stabilization Plan
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
T-SAIDI	Transmission System Average Interruption Duration Index

Term	Definition
T-SAIFI	Transmission System Average Interruption Frequency Index
T-SARI	Transmission System Average Restoration Index
UFLS	Under Frequency Load Shedding
YTD	Year-to-date

Definitions

Current Quarter: Period beginning April 1, 2023 and ending June 30, 2023.

EMS Target: An EMS target is an initiative undertaken to improve environmental performance.

End Consumer: End Consumer is a reliability measure of all end consumers of electricity in the province supplied by Hydro, excluding Industrial customers. The measure is a combination of Hydro's service continuity data and Newfoundland Power's service continuity data for loss of supply outages resulting from events on Hydro's system.

End Consumer SAIDI: End-Consumer SAIDI measures reliability to all end customers of electricity in the province who are supplied by Hydro. It is a measure of the duration of service interruptions experienced as a result of Hydro system events but does not reflect service interruptions that are a result of issues on Newfoundland Power's distribution system.

End Consumer SAIFI: End-Consumer SAIFI measures reliability to all end customers of electricity in the province who are supplied by Hydro. It is a measure of the frequency of service interruptions experienced as a result of Hydro system events but does not reflect service interruptions that are a result of issues on Newfoundland Power's distribution system.

FTE: One FTE is the equivalent of actual paid regular hours—2,080 hours per year in the operating environment and 1,950 hours per year in Hydro's head office environment.

Net FTE: Net FTEs are regulated, Hydro-based employees, plus time charged to regulated Hydro, less time charged from regulated Hydro to the non-regulated lines of business.

Major Event: Electricity Canada defines Major Events as "events that exceed reasonable design and/or operational limits of the electrical power system."

Service Continuity SAIDI and SAIFI: Service Continuity SAIDI and SAIFI measure the duration and frequency of service interruptions to Hydro's Isolated and Interconnected systems.

SAIDI: SAIDI is the average interruption duration per customer. It is calculated by dividing the number of customer-outage hours by the total number of customers in an area (e.g., a 2-hour outage affecting 50 customers equals 100 customer outage hours).

SAIFI: SAIFI is a reliability key performance indicator for distribution service, measuring the average cumulative number of sustained interruptions per customer per year. SAIFI is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

T-SAIDI: T-SAIDI is a reliability key performance indicator for bulk transmission assets, measuring the average duration of outages in minutes per delivery point.

T-SAIFI: T-SAIFI is a reliability key performance indicator for bulk transmission assets, measuring the average frequency of outages per delivery point.

T-SARI: T-SARI is a reliability key performance indicator for bulk transmission assets which measures the average duration per transmission interruption. T-SARI is calculated by dividing T-SAIDI by T-SAIFI.

UFLS: Under Frequency Load Shedding is the reliability performance indicator that measures the number of events in which shedding of customer load is required to counteract the loss of generation capacity. During a UFLS event, customers are automatically removed from the electrical system. The quantity of customers removed is linearly proportional to the amount of generation lost.

YTD: Period ending June 30 of the applicable year.

While occurring outside of this quarter, Hydro is devastated to report that a workplace fatality occurred on August 10, 2023. The occurrence of this tragic event will be reflected in our next quarterly report.

1.0 Highlights

Table 1: Highlights for the Period Ended June 30, 2023

	YTD			
	2023 Actual	2023 Target	2022 Actual	2023 Annual Target
Safety and Environment				
Lead/Lag Ratio	1379:1	1,000:1	707:1	1,000:1
AIF Rate	0.25	<0.60	1.04	<0.60
LTIF Rate	0.00	<0.15	0.52	<0.15
Achievement of EMS Targets (%)	13	N/A	30	95
Reliability				
SAIDI	1.08	1.31	1.14	2.77
SAIFI	0.81	0.44	0.52	1.11
Production				
Holyrood No. 6 Fuel Oil Average Cost ($/bbl.)	126	115	108	112
Holyrood Efficiency (kWh/bbl.)	535	583	528	583
Electricity Delivery (GWh)				
Energy Sales	4,501	4,179	4,531[1]	7,450
Financial ($ Millions)[2]				
Revenue	383.9	373.0	380.2	642.1
Operating Expenses	72.2	67.9	65.6	136.1
Net Income	35.7	36.7	38.4	31.4
RSP ($ Millions)[3]				
RSP Balance	60.9	59.1	51.1	47.6
Supply Cost Variance Deferral Account ($ Millions)[4]				
Cumulative Net Balance	146.5	367.0	119.2	439.3
FTE Employees[5]				
Regulated	774.8	N/A	762.1	818.4[6]

[1] Restated to reflect Exports scheduled at Bottom Brook.
[2] Financial figures exclude non-regulated activities.
[3] The RSP report for the current quarter is provided as Attachment 1.
[4] Computed based on methodology presented in "Supply Cost Accounting Compliance Application," Newfoundland and Labrador Hydro, January 21, 2022.
[5] Figures shown are net FTEs.
[6] Increase in FTEs is primarily driven by extension of operations at the Holyrood TGS beyond March 31, 2024.

2.0 Safety

2.1 Safety at Hydro

Safety is Hydro's first priority. Hydro continues to foster a safety culture that promotes a zero-harm mindset. Hydro's framework for safety performance includes a balanced focus on culture, people, and process as it continues to ensure its safety program reflects standards that are similar to that contained in ISO 45001. Leading indicators such as safety meetings, Occupational Health and Safety Committee meetings, leadership safety interactions, and the safety and health monitoring plan, among other performance indicators, continue to be tracked and discussed to ensure safety and health are a continuous part of Hydro's work focus.

Hydro's focus on ensuring the safety of its employees, contractors, and the public continued during the current quarter. The advancement of Hydro's safety and health initiatives include:

- Activities around preventing prevalent injury types, including specific programming around musculoskeletal injury prevention;
- Continued work around improvement to hazard recognition processes;
- Improving contractor safety management; and
- Completing Safety and Health Monitoring Plan targeted inspections, audits, and field compliance audits.

2.2 Safety Performance

An overview of Hydro's safety performance is provided in Table 2.

Table 2: Safety Performance Detail[7]

	YTD 2023	YTD 2022	2022 Annual
Lost-Time Injuries	0	2	2
Medical Treatment Injuries	1	2	5
Lead/Lag Ratio	1379:1	707:1	851:1
AIF Rate	0.25	1.04	0.92
LTIF Rate	0.00	0.52	0.26
Severity Rate (Days Lost)	0.00(0)	2.61(10)	1.31(10)
High-Potential Incidents	1	2	2

[7] Injury statistics reflect Hydro employees only.

Hydro experienced one medical treatment injury and no lost-time injuries during the quarter, resulting in a year-to-date AIF rate of 0.25 and a LTIF rate of 0.00. As such, Hydro's lost-time severity rate was also 0.00.

A comparison of Hydro's AIF and LTIF rates over the past five years and the current YTD rates are provided in Chart 1. Hydro's annual lost-time severity rate for the past five years compared to the current year end is provided in Chart 2.

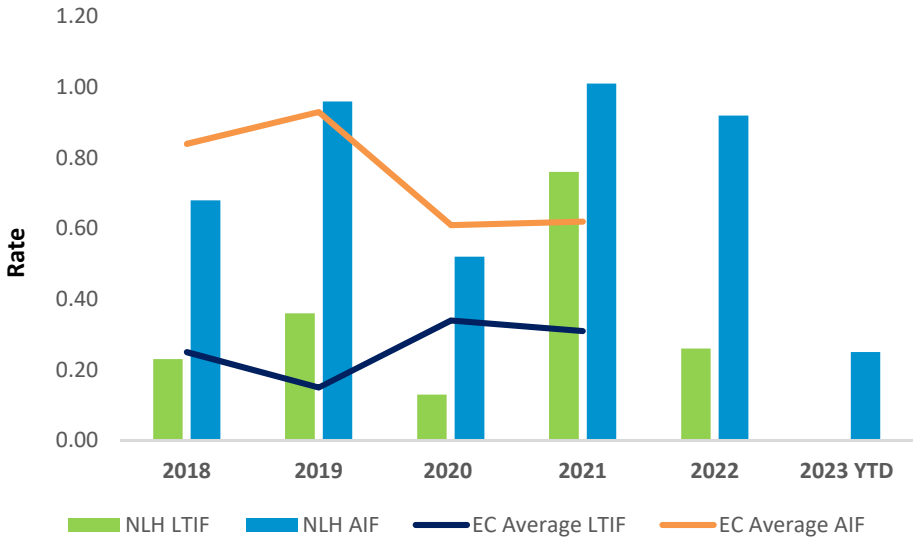


Chart 1: Hydro's AIF and LTIF Compared to EC Averages[8,9]

[8] EC benchmarks for 2022 were not available as of the date this report was published.
[9] Safety and Health performance metrics are compared to EC utility members in Group 2 (300–1,500 employees).

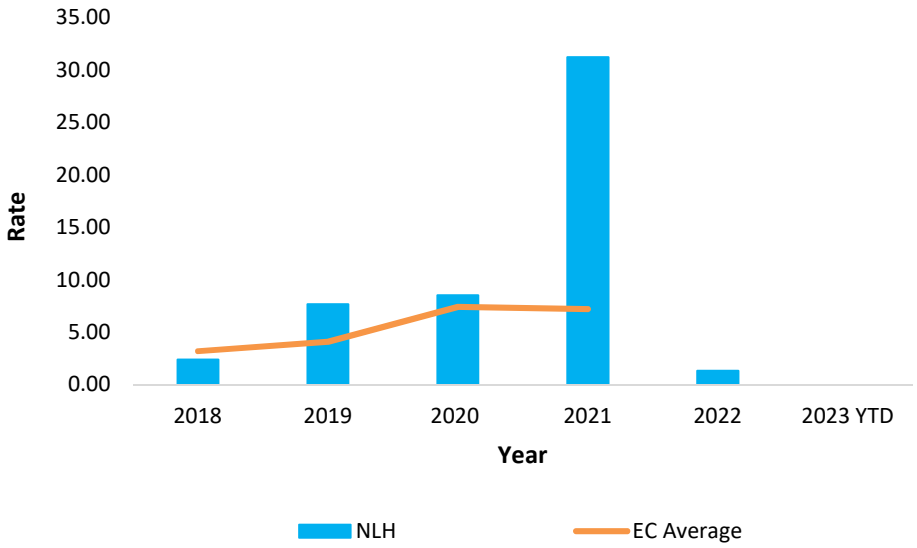


Chart 2: Hydro's Lost-Time Severity Rate Compared to EC Average[10,11]

2.3 Line Contacts

Hydro had no reportable line contact incidents by third parties during the current quarter. Hydro continues to work toward reducing line contact incidents by increasing public and contractor awareness of the hazards associated with contacting power lines through education.

3.0 Reliability

3.1 Outage Information

There were eight power outages reported to the Board during the current quarter. Information on each of these outages is provided in Appendix A.

A summary of major events from 2018 to 2023 YTD, including the associated impact the major events would have had on performance indicators is provided in Appendix B. As electrical systems are neither constructed nor expected to fully withstand extreme weather conditions such as hurricanes and ice storms, the impacts of major events have been removed from the data used in the calculation of each of the electrical system reliability performance indicators in this report.

[10] EC benchmarks for 2022 were not available as of the date this report was published.
[11] Safety and Health performance metrics are compared to EC utility members in Group 2 (300–1,500 employees).

3.2 Generation Outage Summary

A summary of the status of Hydro's generating units for the current quarter is provided as Appendix C. It classifies which units were available or unavailable and any associated deratings. Further information is provided in Hydro's daily Supply and Demand Status reports filed with the Board.[12]

3.3 Reliability Indicators

For all reliability performance indicators in this report, a year-over-year decrease in reliability indicators indicates an improvement in system performance and a year-over-year increase in reliability indicators indicates a decline in system performance.[13] Data on reliability indicators including Service Continuity by Type, Area and Origin, T-SARI, and UFLS are provided in Appendix D, Supplemental Reliability Information.

3.3.1 End-Consumer Performance

The End-Consumer Performance Index data provided in Table 3 are measures of the duration and frequency of service interruptions experienced as a result of Hydro's system events. Hydro uses the averages of its End-Consumer Indices performances for the period 2018 to 2022 to establish its 2023 annual targets for these indices impacted by unplanned outages reported in Appendix A.

Table 3: End-Consumer Performance

	Q2 2023	Q2 2022	YTD Target	YTD 2023	YTD 2022	2023 Annual Target (2018–2022 Average)
SAIDI	0.77	0.70	1.31	1.08	1.14	2.77
SAIFI	0.33	0.33	0.44	0.81	0.52	1.11

Hydro's End-Consumer SAIDI and SAIFI YTD data (2019 to 2023) is provided in Chart 3 and Chart 4, respectively.

[12] Hydro's daily Supply and Demand Status reports can be accessed at <http://www.pub.nl.ca/applications/IslandInterconnectedSystem/DemandStatusReports.htm>.
[13] EC reliability data is published annually and is not yet available for 2022. Hydro provided EC data for 2022 in the Q1 2023 Quarterly Regulatory Report in error.

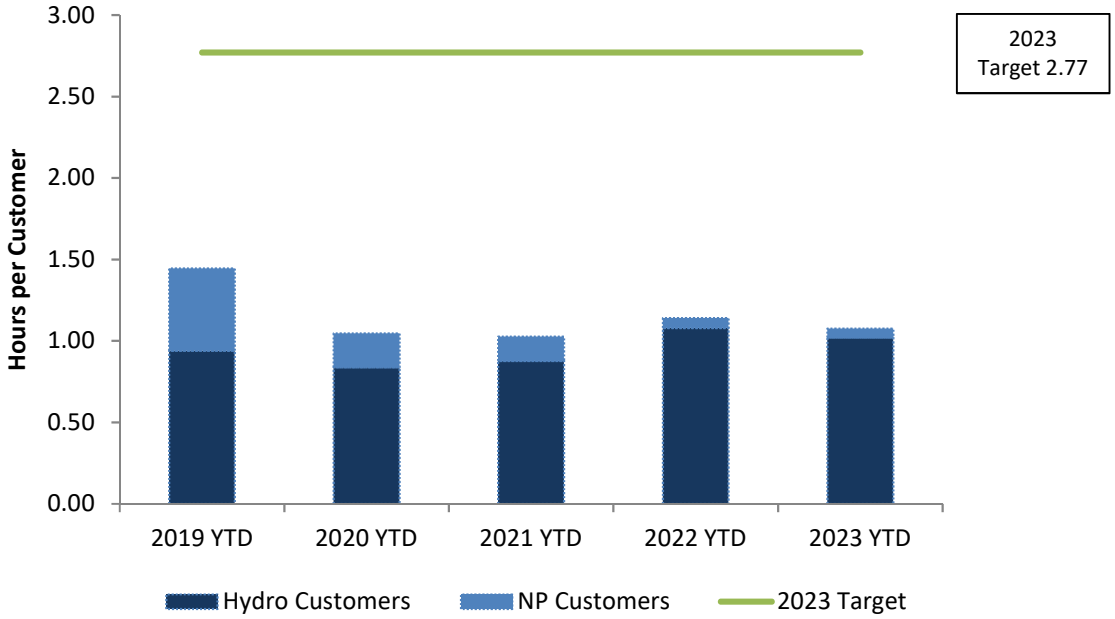


Chart 3: End-Consumer SAIDI

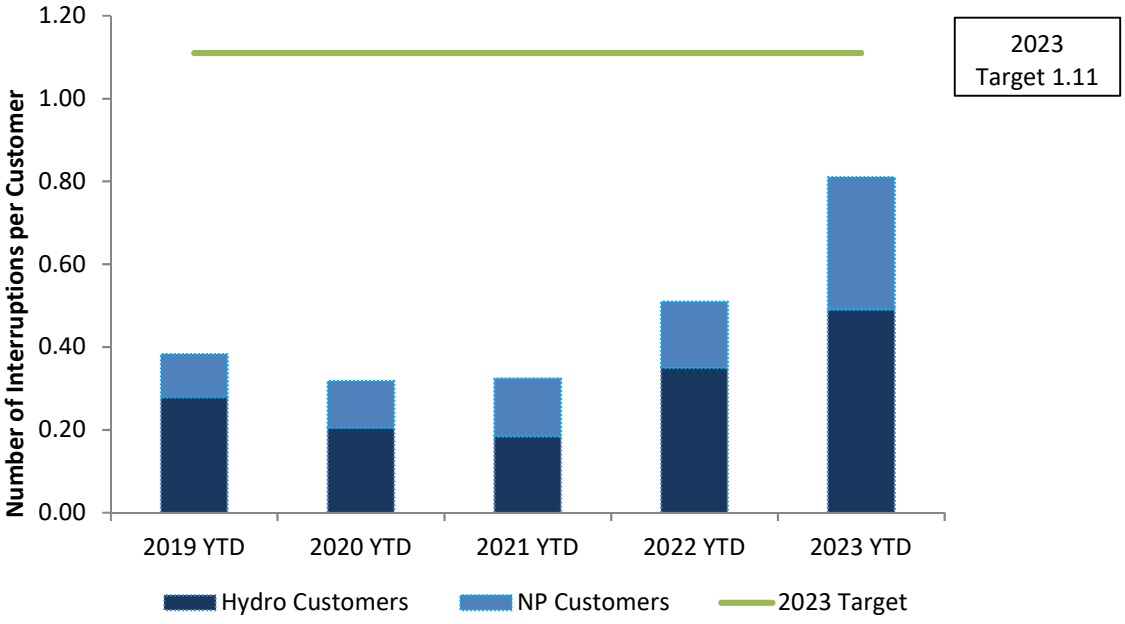


Chart 4: End-Consumer SAIFI

3.3.2 Bulk Power System Delivery Point Interruption Performance

T-SAIDI and T-SAIFI data are provided in Table 4. Hydro uses the averages of each Index for the period 2018 to 2022 to establish its annual target[14] for 2023. The T-SAIDI and T-SAIFI performance for Hydro, including planned and unplanned outages (2019 to 2023 YTD), and EC are provided in Chart 5 and Chart 6, respectively.

Table 4: Transmission Delivery Point Performance

	Q2 2023	Q2 2022	YTD Target	YTD 2023	YTD 2022	2023 Annual Target (2018–2022 Average)
T-SAIDI	86.33	77.08	235.15	119.95	110.70	486.58
T-SAIFI	0.69	0.63	1.36	1.50	1.03	3.37

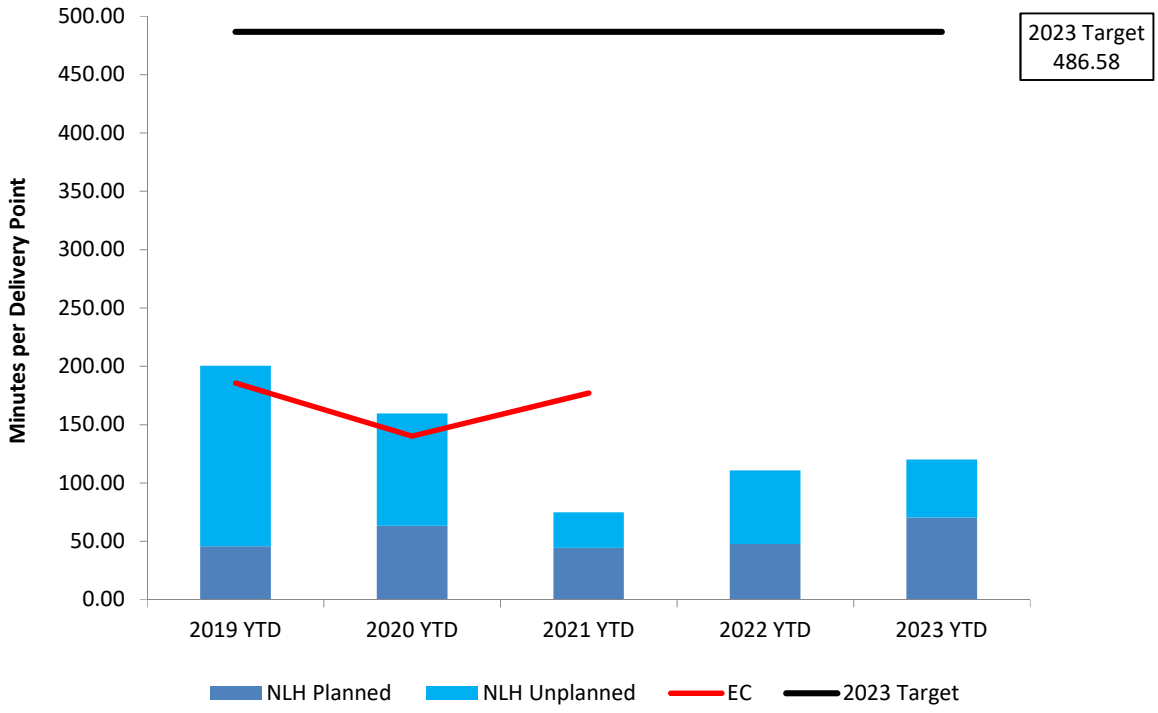


Chart 5: T-SAIDI

[14] Hydro has completed a delivery point review, and has developed the 2023 transmission targets using updated historic values.

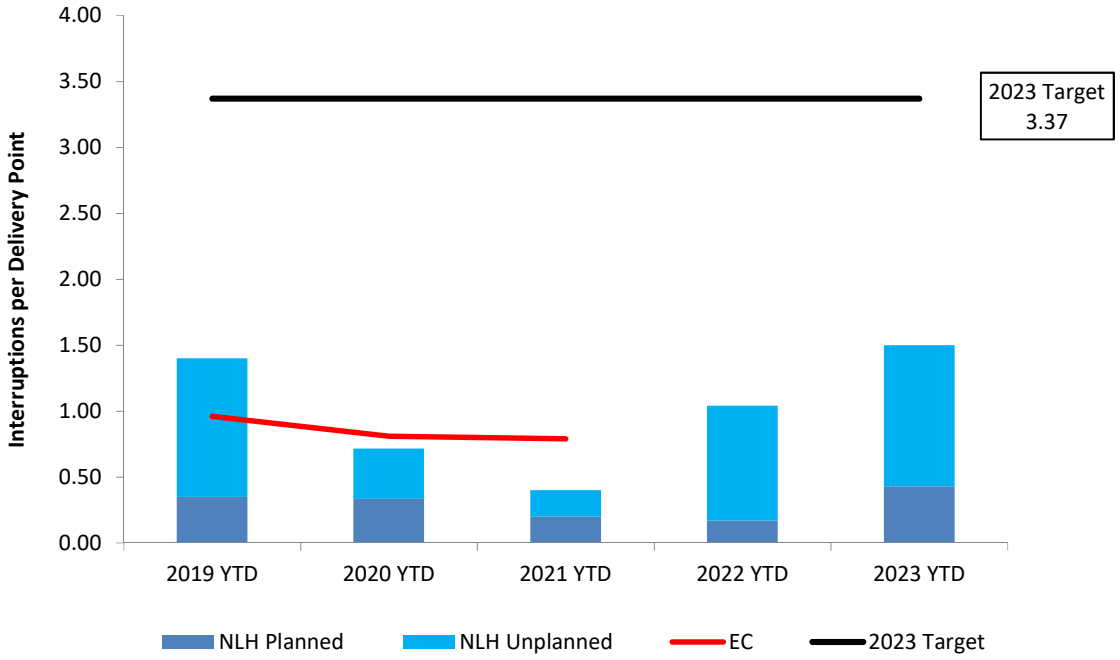


Chart 6: T-SAIFI

3.3.3 Service Continuity Performance

Service Continuity SAIDI and SAIFI performance data is provided in Table 5. Hydro uses the average of each index for the period 2018 to 2022 to establish its annual targets for 2023 for these indexes. Service Continuity SAIDI and SAIFI performance data for Hydro (2019 to 2023 YTD) and EC is provided in Chart 7 and Chart 8, respectively.

Table 5: Service Continuity SAIDI and SAIFI

	Q2 2023	Q2 2022	YTD Target	YTD 2023	YTD 2022	2023 Annual Target (2018–2022 Average)
SAIDI	5.86	5.09	8.75	7.84	8.30	18.47
SAIFI	2.44	1.73	2.16	3.76	2.71	5.48

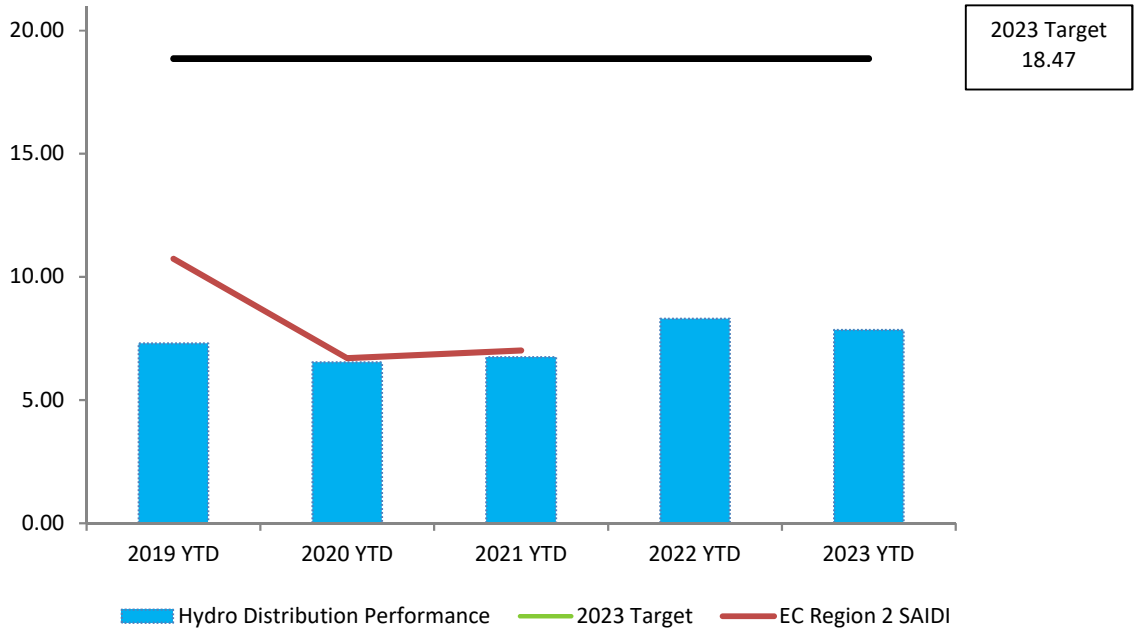


Chart 7: Service Continuity SAIDI

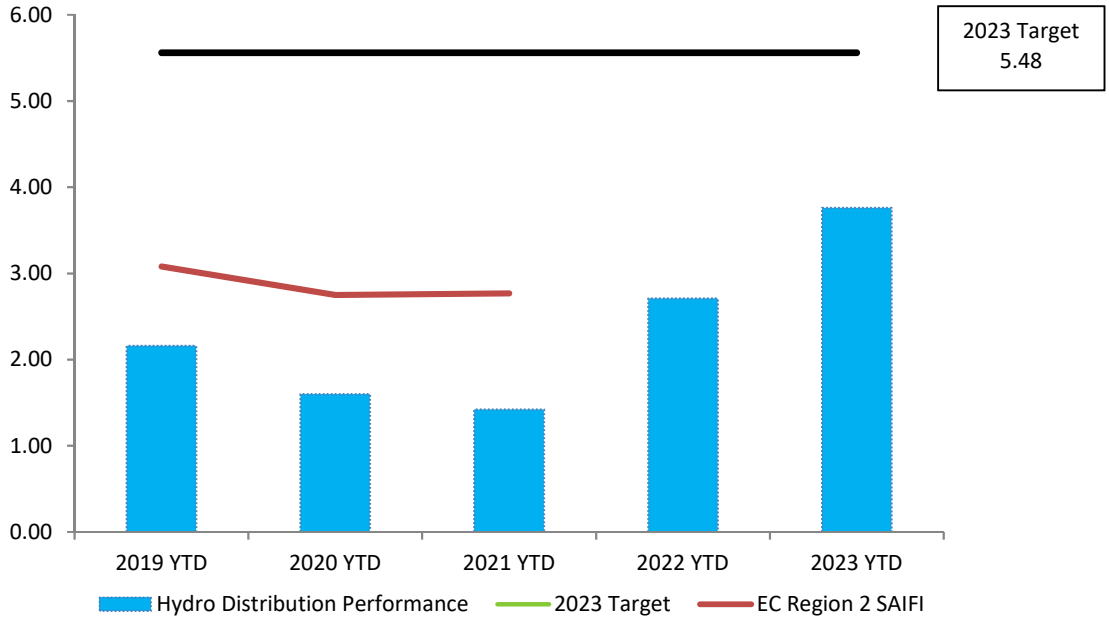


Chart 8: Service Continuity SAIFI

4.0 Customer Service

4.1 Customer Transactional Surveys

Survey results for the current quarter indicate that approximately 88% of customers were satisfied with the service they received when they reached out to Hydro's customer service department for assistance and 87% of customers felt their concern was resolved with the first call. Participation by customers declined versus the same quarter last year. A summary of these results is provided in Table 6.

Table 6: Customer Service Transactional Survey Data

Measure	Q2 2023	Q2 2022
Overall Satisfaction	88%	86%
First Call Resolution	87%	84%
Number of Surveys Completed	287	467

4.2 Customer Statistics

A summary of the number of Hydro customers in each customer class, including net metering is provided in Table 7.

Hydro did not receive any new net metering applications during the current quarter. Hydro's total number of net metering customers remains at three, with a total net metering capacity of 71.6 kW.

Table 7: Customer Statistics

	Q2		Annual	
Customer Class	2023 Actual	2022 Actual	2023 Budget	2022 Actual
Rural[15]	39,155	38,986	39,126	39,101
Industrial	5	5	6	5
Labrador Industrial Transmission[16]	2	2	2	2
Utility	1	1	1	1
Average Monthly Reading Days	30.5	30.5	N/A	30.1
Net Metering Customers	3	3	N/A	3

[15] Includes net metering customers.
[16] Iron Ore Company of Canada ("IOC") and Tacora Resources Inc.

5.0 Supply Costs and Energy Sales

5.1 Fuel Prices

During the current quarter, market prices for No. 6 fuel oil reached a high of $117 per bbl. mid-April and a low of $102 per bbl. late-June. The ending inventory cost was $119 per bbl. This compares to the fuel price of $105.90 per bbl. that was reflected in Newfoundland Power's base rates during the quarter.[17]

During the current quarter, there was one shipment of No. 6 fuel oil. In April, Hydro purchased 207,492 bbls for $112.92/bbl (delivered). No. 6 fuel oil inventory at the end of the quarter was 315,991 bbls.

A comparison of No. 6 fuel oil prices thus far in 2023 as compared to 2021 and 2022, as well as the fuel oil price reflected in the wholesale rate to Newfoundland Power are provided in Chart 9.

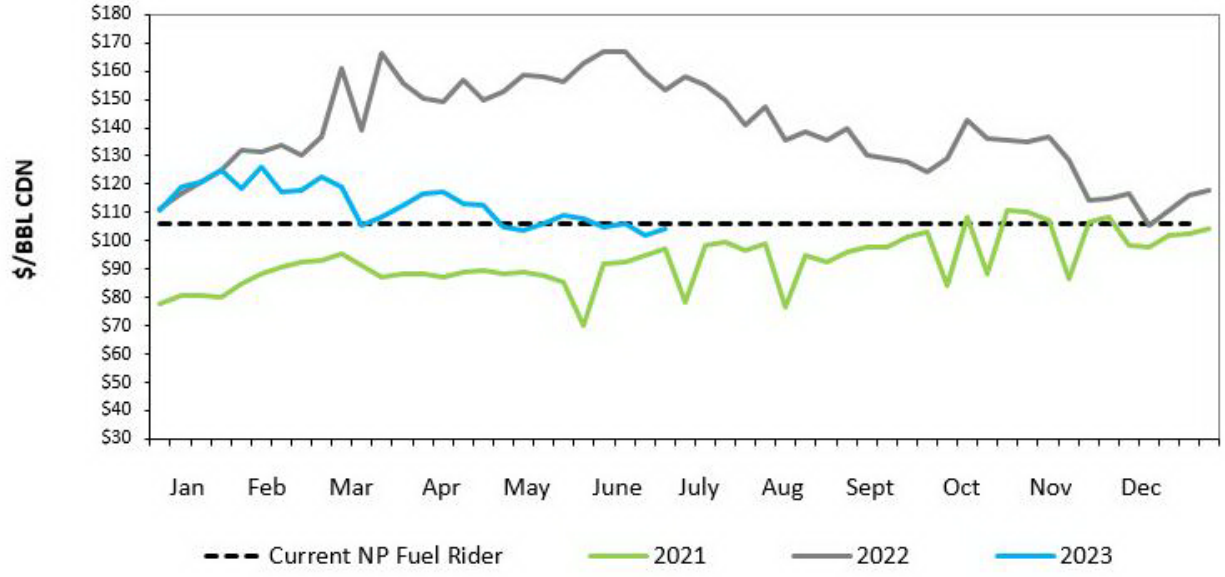


Chart 9: No. 6 Fuel Oil Average Weekly New York Spot Price

[17] The price of $105.90 per bbl. is reflected in Newfoundland Power's base rates effective October 1, 2019, as per *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 30(2019), Board of Commissioners of Public Utilities, September 11, 2019.

1 The monthly forecast price of No. 6 fuel oil is provided in Table 8.[18]

Table 8: No. 6 Fuel Oil Forecast Prices ($ CDN/bbl.)

Month	Price
July 2023	107.40
August 2023	111.00
September 2023	105.50
October 2023	101.20
November 2023	101.80
December 2023	99.70
January 2024	97.00
February 2024	95.40
March 2024	94.00
April 2024	93.30
May 2024	94.50
June 2024	101.40

2 A comparison of the Ultra Low Sulphur Diesel No. 1 (used in diesel generation) fuel oil prices is provided
3 in Chart 10.

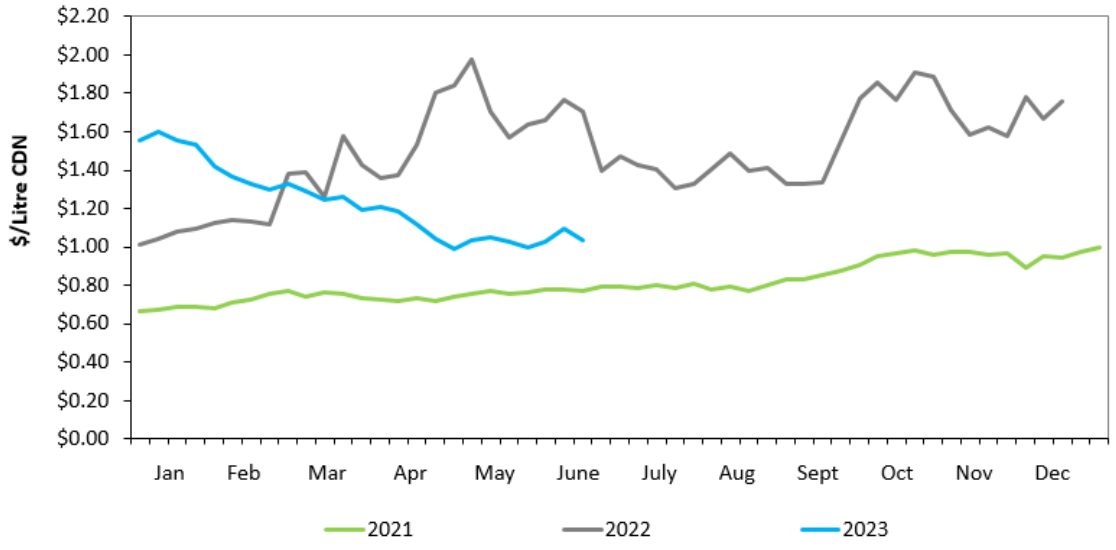


Chart 10: Ultra Low Sulphur Diesel Weekly Montreal Rack Price

[18] The price forecast is based on Platts Analytics fuel price outlook, July 2023 World Oil Market Forecast and includes the premium for the No. 6 fuel oil.

5.2 Transfers to Supply Cost Deferral Accounts

5.2.1 Supply Cost Variance Deferral Account Overview

The balances accumulated in the Supply Cost Variance Deferral Account as at June 30, 2023 are reported in Attachment 2. During the first two quarters of 2023, the activity in the account decreased the balance by $43.9 million, primarily due to a grant received from the Government of Newfoundland and Labrador in March 2023. On March 30, 2023, Hydro received correspondence from the Minister of Industry, Energy and Technology regarding the provision of a $190.4 million grant for the purposes of rate mitigation. This grant has been credited to the Rate Mitigation Fund component of the Supply Cost Variance Deferral Account in March 2023 which funded the 2022 balance.

The second quarter YTD payments made under the Muskrat Falls Power Purchase Agreement and Transmission Funding Agreement were $220.9 million. This increase in costs were offset by fuel savings at the Holyrood TGS ($23.5 million) and payments received from Newfoundland Power related to the Project Cost Recovery Rider, implemented in July 1, 2022 that is credited to the Utility component of the Supply Cost Variance Deferral Account ($26.8 million). The total balance in the account as at June 30, 2023 is $146.5 million.

5.2.2 Isolated Systems Cost Variance Deferral Account

Hydro accumulated $8.0 million[19] in the Isolated Systems Cost Variance Deferral Account as at June 30, 2023. The current year's actual unit cost of diesel fuel was approximately 26 cents per kWh more than the 2019 Test Year unit cost of fuel, which is the primary driver of the YTD transfer of fuel oil costs to this account this year.

The current year transfers to the Isolated Systems Cost Variance Deferral Account are provided in Table 9. Pursuant to Board Order No. P.U. 30(2019), Hydro has calculated the transfers relative to 2019 Test Year.

Table 9: Isolated Systems Cost Variance Deferral Account Transfers[20]
($ Millions)

Q2 2023 Actual	Q2 2022 Actual	Variance
8.0	3.2	4.8

[19] The June 30, 2023 Isolated System Cost Variance Deferral balance of $8.0 million is unaudited.
[20] Net of deadbands.

In accordance with the currently approved account definitions, Hydro will file its application for recovery of the Isolated Systems Cost Variance Deferral Account on or before March 31, 2024. This application will include the final transfer amounts as well as detailed information as to the drivers of the transfers.

5.3 Statement of Energy Sold

A summary of Hydro's energy sales YTD compared to that of other reporting periods is provided in Table 10.

Table 10: Statement of Energy Sold (GWh)

	2023 Actual	YTD 2022 Actual[21]	2023 Budget	2023 Annual Budget
Island Interconnected				
Newfoundland Power	3,361	3,135	3,253	5,708
Island Industrials	157	210	294	590
Export and Other	314	461	0	0
Rural				
Domestic	152	148	138	237
General Service	92	97	84	167
Street Lighting	1	1	1	3
Subtotal Rural	**245**	**246**	**223**	**407**
Subtotal Island Interconnected	**4,077**	**4,052**	**3,770**	**6,705**
Island Isolated				
Domestic	3	3	2	4
General Service	1	1	1	2
Street Lighting	0	0	0	0
Subtotal Island Isolated	**4**	**4**	**3**	**6**
Labrador Interconnected				
Domestic	200	209	180	319
General Service	232	228	188	349
Street Lighting	1	1	1	2
Subtotal Labrador Interconnected	**433**	**438**	**369**	**670**
Labrador Isolated				
Domestic	14	14	14	25
General Service	9	9	9	19
Street Lighting	0	0	0	0
Subtotal Labrador Isolated	**23**	**23**	**23**	**44**
L'Anse-au-Loup				
Domestic	9	9	9	16
General Service	5	5	5	9
Street Lighting	0	0	0	0
Subtotal L'Anse-au-Loup	**14**	**14**	**14**	**25**
Total Energy Sold (Before Rural Accrual)	**4,551**	**4,531**	**4,179**	**7,450**
Rural Accrual	(50)	(47)	N/A	N/A
Total Energy Sold	**4,501**	**4,484**	**4,179**	**7,450**
Non-Regulated Customers[22]				
Labrador Industrials	921	1,014	1,080	2,116

[21] Restated to reflect Exports scheduled at Bottom Brook.

[22] Does not include non-regulated sales for export.

6.0 Asset Management and Investment

6.1 2023 Capital Budget

Hydro's 2023 Capital Budget was approved by the Board in Order No. P.U. 2(2023).[23] In addition to approval for an investment of $91 million in capital projects, Hydro carried forward approximately $40 million from its 2022 capital program. As a result, Hydro's opening capital budget for 2023 was $131 million. Additionally, supplemental capital of $15 million has been approved for 2023. Hydro's revised Board-approved 2023 capital budget as at June 30, 2023, was $146 million. Table 11 shows the breakdown of Hydro's Capital Budget approvals of $146 million by Board Order.

In advance of the 2024 Capital Budget Application, the Government of Newfoundland and Labrador amended the *Electrical Power and Control Act* to increase the threshold for capital expenditures requiring pre-approval from the Board to $750,000. Table 12 outlines the capital projects under $750,000 approved by Hydro within the current quarter.

[23] *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 2(2023), Board of Commissioners of Public Utilities, January 26, 2023.

Table 11: Capital Budget by Board Order for the Quarter Ended June 30, 2023 ($000)[24]

2023 Capital Budget[25]	**90,829**
Carryover Projects 2022 to 2023[26]	39,991
Projects Approved by Board:	
Order No. P.U. 27(2021)[27]	586
Order No. P.U. 28(2021)[28]	118
Order No. P.U. 12(2022)[29]	457
Order No. P.U. 14(2022)[30]	138
Order No. P.U. 17(2022)[31]	1,561
Order No. P.U. 18(2022)[32]	3,040
Order No. P.U. 30(2022)[33]	3,386
Order No. P.U. 32(2022)[34]	45
Order No. P.U. 6(2023)[35]	2,105
Order No. P.U. 12(2023)[36]	3,597
Total Projects Approved by Board Order	15,033
2023 New Projects Under $750,000 approved by Hydro	48
Total Approved Capital Budget[37]	**145,900**

[24] Numbers may not add due to rounding.
[25] Approved in *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 2(2023), Board of Commissioners of Public Utilities, January 26, 2023.
[26] The carryover budget of $40.0 million excludes CIACs. Hydro also carried forward CIACs of ($3.1) million which would result in a net carryover budget of $36.9 million.
[27] The construction of an interconnection between Star Lake Terminal Station and Valentine Terminal Station was approved for $15.8 million, of which $0.6 million is budgeted for 2023. The project is fully contributed.
[28] The purchase of a diesel generating unit for the Ramea Diesel Generating Station was approved for $2.4 million, of which $0.1 million is budgeted for 2023.
[29] The roof replacement of the Makkovik Diesel Generating Station was approved for $0.6 million, of which $0.5 million is budgeted for 2023.
[30] The purchase and install of a 545 kW diesel engine at the Mary's Harbour Diesel Generating Station was approved for $0.1 million.
[31] The purchase of one set of last stage blades to serve as capital spares for Units 1 and 2 at the Holyrood TGS was approved for $1.6 million, of which $1.6 million is budgeted for 2023.
[32] The rotor rim shrinking and stator re-centering at the Upper Salmon Hydroelectric Generating Station was approved for $4.0 million, of which $3.0 million is budgeted for 2023.
[33] Four projects at the Holyrood TGS were approved—the refurbishment of Day Tank was approved for $0.8 million, of which $0.7 million is budgeted for 2023; the refurbishment of Tank 1 was approved for $2.0 million, of which $0.9 million is approved for 2023; the replacement of the Tank Farm Underground Firewater Distribution System was approved for $1.4 million, of which $1.3 million is approved for 2023; and the upgrade of the Unit 2 Turbine Control System was approved for $0.7 million, of which $0.5 million is approved for 2023.
[34] The acquisition and repair of the Lower Churchill Project genset for use in L'Anse-au-Loup, relocation of Unit 2082 from L'Anse-au-Loup to Charlottetown, and the winterization of Unit 2101 at Charlottetown was approved for $1.3 million, of which $45,000 is budgeted for 2023.
[35] The replacement and weld refurbishment of Penstock 1 at Bay d'Espoir Hydroelectic Generating Facility was approved for $50.6 million, of which $2.1 million is budgeted for 2023.
[36] The replacement of last stage blades on Units 1 and 2 at the Holyrood TGS including the purchase of a second set of last stage blades and an in-situ inspection of the Unit 2 last stage blades was approved for $6.4 million, of which $3.6 million is budgeted for 2023.
[37] In Board Order No. P.U. 15(2022), the Board approved an Upstream Capacity Charge contribution of ($0.3) million to be received subsequent to 2023.

Table 12: Capital Expenditures Approved by Hydro for the Quarter Ended June 30, 2023 ($000)

Investment Class	Title	Total Budget	Project/Program	Description
Service Enhancement	TL215 Guying Upgrades	47.7	Project	This project is necessary to complete the upgrade of guy hook and eyebolt attachments with a more robust tee-plate arrangement on 46 wood pole structures on Transmission Line TL215 in the Wreckhouse and Starlight areas. Inspections indicate that the existing guying connections are overloaded and near failure. The upgrading of these attachments is necessary to maintain reliability of the line.

In addition, there were CIACs carried forward from the 2022 capital program and supplemental CIACs approved by the Board totalling $3 million. The 2023 capital budget as at June 30, 2023, net of CIACs, was $143 million.

6.2 Capital Expenditures

Table 13 provides an overview of Hydro's capital expenditures for the current quarter, which were consistent with Hydro's budget.

Table 13: Capital Expenditures Overview for the Quarter Ended June 30, 2023 ($000)[38]

	Board-Approved Budget 2023	Q2 Actual 2023	YTD Actual 2023	Expected Remaining Expenditures 2023
Generation	36,684	6,250	8,014	30,601
Transmission and Rural Systems	70,417	14,023	23,625	46,670
General Properties	10,067	2,328	5,051	6,054
Allowance for Unforeseen Expenditures	1,000	-	-	417
Subtotal	**118,169**	**22,600**	**36,690**	**83,742**
Projects Approved by Board Order[39]	27,609	8,245	12,222	15,541
New Projects less than $750,000 approved by Hydro[40]	122	16	61	58
Total 2023[41,42]	**145,900**	**30,861**	**48,973**	**99,340**
Costs excluded from Capital Reporting:				
FEED Costs[43]	-	30	(24)	-

6.3 2023 Capital Projects Progress

Hydro's approved, planned capital projects continue to advance through stages of planning, design, procurement, and construction. It is typical for most of Hydro's capital construction activity to take place in the second, third, and fourth quarters each year. Additionally, throughout the year, certain unplanned capital work arises that must be addressed ("break-in work"), which may have an impact on the amount

[38] Numbers may not add due to rounding.
[39] The Projects Approved by Board Order is comprised of $9.3 million, which was approved for 2023 spend, $12.6 million, which was previously approved and carried forward and $5.7 million, which is new supplemental projects approved during 2023.
[40] The New Projects less than $750,000 approved by Hydro was previously approved and carried forward.
[41] Expenditures are before CIACs.
[42] Table 13 does not include modifications to Hydro's infrastructure due to implementation of the Muskrat Falls Project, given that all aspects of incorporation of the Muskrat Falls Project are fully funded by the project (Labrador Hydro Project Exemption Order-in-Council OC2000-206 and OC2013-342, NLR 120/13). Expenditures related to these modifications were approximately $28,000 in the current quarter.
[43] These costs represent FEED costs incurred. The credit balance relates to the transfer of costs from FEED to approved capital projects, which is partially offset by FEED expenditures during the period.

of planned work that can be performed. Hydro's actual and forecast expenditures relative to approved budget are provided in Chart 11.

Hydro monitors project scope, schedule and cost for its capital projects and programs and updates the forecast as required throughout the year through an internal change management process. To the end of the current quarter, Hydro's expenditures are relatively consistent with budget; however, the overall forecast for 2023 is currently 3.6% higher than the approved budget as a result of forecast revisions for a number of capital expenditures. As required by the Capital Budget Provisional Guidelines, explanations will be provided for all variances exceeding 10% and $100,000 at year end, as part of Hydro's Capital Expenditures and Carryover Report to be filed by March 1, 2024.

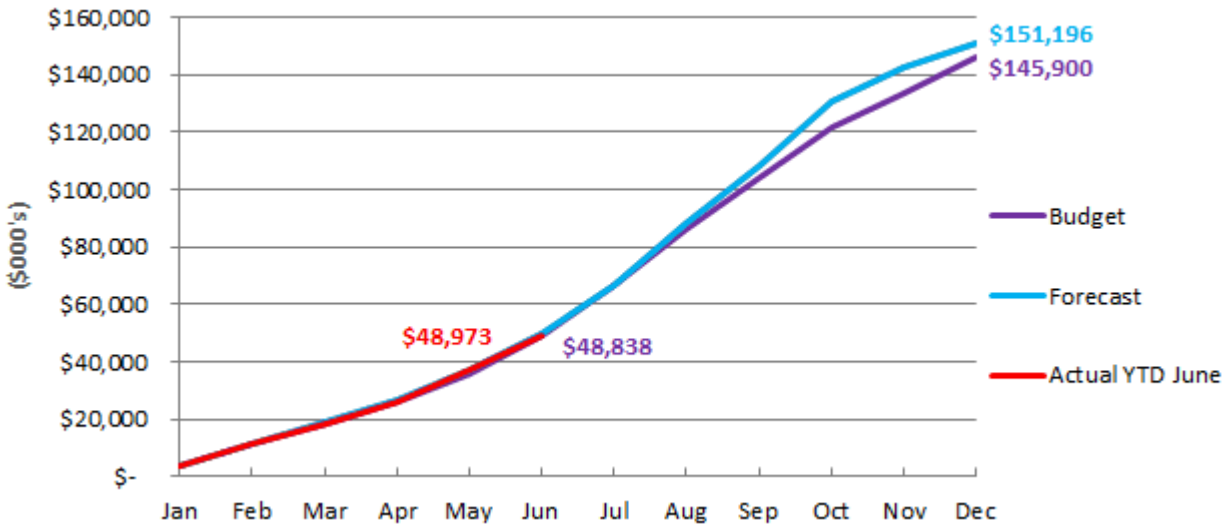


Chart 11: 2023 Capital Program Forecast vs Budget

A high-level summary of the planned and break-in construction activities completed during the current quarter is provided in Table 14.

Table 14: Highlights of Planned and Break-In Work Completed

	Planned Work Q2 2023	Break-In Work Q2 2023
Hydraulic Generation	Unit 3 was overhauled at the Bay d'Espoir Hydroelectric Generating Facility. The powerhouse overhead crane was inspected and refurbished at the Upper Salmon Hydroelectric Generating Facility.	The transition area between Surge Tank 3 and Penstock 3 was refurbished at the Bay d'Espoir Hydroelectric Generating Station. The draft tube maintenance platform was refurbished at the Upper Salmon Hydroelectric Generating Station.
Thermal Generation	A set of turbine last stage blades for Units 1 and 2 was procured for the Holyrood TGS.	
Gas Turbine Generation	The control system was upgraded for the Holyrood Gas Turbine.	The engine lift beam was replaced at the Hardwoods Gas Turbine.
Terminal Stations	A circuit breaker was replaced at the Bay d'Espoir Terminal Station 1. A reclosing circuit breaker was upgraded at the Sunnyside Terminal Station. Protective relays for Transformer T2 were replaced at the Western Avalon Terminal Station. The major condition assessment and miscellaneous refurbishment was completed for the Wabush Synchronous Condenser 2.	
Transmission	Wood pole line refurbishment was completed for the Transmission Lines TL210, TL219, and TL234.	
Rural Generation	A mobile genset was installed at the Charlottetown Diesel Generating Facility. Unit 2104 was overhauled at the Mary's Harbour Diesel Generating Facility. Switchgear was modified at the Nain Diesel Generating Facility.	
Information Systems	The Energy Management System was upgraded. Cybersecurity software was installed at Hydro Place.	
Telecontrol	The stand-alone PBX telephone systems were replaced at Wabush.	
Transportation	An electric vehicle fast-charging station was installed at Hydro's Deer Lake office.	

6.4 Integrated Annual Work Plan

Hydro has an Integrated Annual Work Plan consisting of capital and maintenance work for its generation, transmission and distribution, and other associated assets. Hydro's 2023 Integrated Annual Work Plan completion target is 90%. As of the end of the quarter, Hydro had completed approximately 46% of forecasted planned activities for the year. Results for Annual Work Plan activities are provided in Table 15.

Table 15: Annual Work Plan Activity

YTD Actual			2023 Forecast		
Planned	Completed	%	Baseline	Scheduled	%
3,252	3,175	97.6	6,889	6,864	99.6

7.0 Financial

7.1 Statement of Income

Second Quarter				YTD			Annual
2023 Actual	2023 Budget	2022 Actual		2023 Actual	2023 Budget	2022 Actual	2023 Budget
			Revenue				
143,075	141,770	141,549	Energy Sales	372,468	370,148	370,774	636,290
3,194	1,432	4,153	Other Revenue	11,469	2,866	9,471	5,795
146,269	**143,202**	**145,702**		**383,937**	**373,014**	**380,245**	**642,085**
			Expenses				
35,759	34,677	33,233	Operating Costs	72,226	67,940	65,562	136,146
29,351	29,116	29,105	Fuels	155,456	151,297	151,767	244,857
16,048	13,918	16,303	Power Purchased	34,645	29,746	34,558	54,786
22,506	22,461	21,465	Amortization	42,393	42,425	44,039	87,597
330	539	943	Other Expense	861	1,078	1,447	2,157
21,242	21,377	22,475	Interest	42,646	43,856	44,513	85,174
125,236	**122,088**	**123,524**		**348,227**	**336,342**	**341,886**	**610,717**
21,033	**21,114**	**22,178**	**Net Income**	**35,710**	**36,672**	**38,359**	**31,368**

Net income for the three months ended June 30, 2023 was $21.0 million compared to $22.2 million for the same period in 2022, a decrease of $1.2 million and relatively consistent period-over-period. Net income for the six months ended June 30, 2023 was $35.7 million compared to $38.4 million for the same period in 2022, a decrease of $2.7 million. The decrease is primarily due to higher operating costs partially offset by increased demand revenue and savings in amortization related to the life extension of the Holyrood TGS.

8.0 People and Community

8.1 Diversity and Inclusion

8.1.1 Equity, Diversity and Inclusion Date Recognition and Information Sharing

At the beginning of June, Hydro celebrated Pride month, by raising pride flags in many company locations throughout the province. Hydro also shared tips on creating an inclusive work environment and educational resources.

On June 21, 2023, Hydro celebrated National Indigenous Peoples Day. In recognition of same, Hydro shared resources with employees, and implemented calls to action that encouraged employees to share Land Acknowledgements to start meetings and to learn more about Indigenous cultures.

8.1.2 Multiculturalism Day

Each year Hydro recognizes Multiculturalism Day (June 27) which honours the many cultural communities that help build a strong and vibrant Canadian society. Employees were encouraged to take the opportunity to celebrate the cultural diversity that collectively enriches us and reaffirm Hydro's commitments to equity, inclusion and mutual respect.

To recognize the occasion and encourage employees to learn more, Hydro hosted Dr. Judit Lovas in an informative virtual session which focused on how to shape a workplace culture where diversity is celebrated, inclusion is the norm, and the organization thrives by harnessing the strength of cultural differences. The session was held in advance of Multiculturalism Day, on June 22, 2023.

8.2 Community Initiatives

Hydro regularly supports organizations in communities throughout the province where our employees and customers live and work. During the second quarter of 2023, Hydro upheld this commitment through support of several important community initiatives on the Island and in Labrador.

8.2.1 Employees Give Back During National Volunteer Week

In April, Hydro held its annual Acts of Kindness Week. Coinciding with National Volunteer Week (April 16–23), the initiative is an opportunity for Hydro employees to give back to the communities where they live and work. Volunteers from offices and sites throughout the province gave their time and talent to many different organizations. From visiting retirement homes and walking shelter dogs to preparing meals for families staying at Ronald McDonald House and coordinating clothing drives for women's shelters, Hydro employees continued to provide the energy communities count on.

8.2.2 Annual Energy Breakfast Supports Kids Eat Smart School Breakfast Programs

During Acts of Kindness Week, Hydro also held its Third Annual Energy Breakfast for Kids Eat Smart Foundation Newfoundland and Labrador. Employees provided healthy food items and monetary donations to support school breakfast programs around the province. Employees from Labrador West to St. John's participated in the annual fundraiser, with 15 regional offices collecting donations and dropping food items at local schools. Through this year's Energy Breakfast and a corporate donation, Hydro and its employees were proud to provide a total contribution of more than $52,000 for school breakfast programs around the province.

8.2.3 Helping Provide a Safe, Accessible Space for Families at Ronald McDonald House

In June, Hydro was proud to join our long-time community partner Ronald McDonald House Charities ("RMHC") Newfoundland and Labrador, at the official opening of the new Family Time Park. The park provides a safe and accessible outdoor space for children and families staying at Ronald McDonald House during medical treatment. For more

than a decade, Hydro has partnered with RMHC Newfoundland and Labrador to provide employee volunteers, and financial and in-kind contributions. Hydro was proud be a key sponsor as they embarked upon creating a space that will be enjoyed by families from Newfoundland and Labrador for years to come.

8.2.4 Trades & Technology Scholarships for Women

Women in Resource Development Corporation ("WRDC") helps women throughout Newfoundland and Labrador prepare for meaningful long-term careers in trades and technology. Recognizing the need for educational support for women entering non-traditional careers, Hydro partners with WRDC each year to offer Trades & Technology Scholarships for Women. The program, which first launched in 2018, provides six $1,500 scholarships to women entering various post-secondary programs such as welding, carpentry, powerline technician, civil engineering technology, environmental engineering technology and many others. These scholarships provide valuable financial support for recipients as they pursue trades and technology careers, while also helping to build more diverse industries in the province.

8.3 Other

8.3.1 Ramea Update

In Board Order No. P.U. 31(2007), the Board directed Hydro to provide quarterly updates on the Ramea Wind-Hydrogen-Diesel project as part of its quarterly report to the Board.[44]

On March 22, 2023, Hydro filed an application proposing to decommission the hydrogen components of the Wind-Hydrogen-Diesel System, as they are not used or useful, and their removal will not adversely affect the reliability of the service Hydro provides.[45] Hydro advised that the wind farm assets that form part of the Wind-Hydrogen-Diesel System will remain in place while Hydro continues to pursue partnership opportunities with independent power producers. A further application will be made once there is a finalized plan regarding these assets. Hydro's application to decommission the hydrogen components was approved in Board Order No. P.U. 10(2023).[46]

[44] *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 31(2007), Board of Commissioners of Public Utilities, November 30, 2007, p. 3/35–38.
[45] "Application for Consent to the Abandonment of the Hydrogen System Portion of the Ramea Wind-Hydrogen-Diesel Generation Project," Newfoundland and Labrador Hydro, March 22, 2023.
[46] *Public Utilities Act,* RSNL 1990, c P-47, Board Order No. P.U. 10(2023), Board of Commissioners of Public Utilities, April 18, 2023.

8.3.2 Capital Costs

There will be no future capital expenditures incurred for the Ramea Wind-Hydrogen-Diesel Generation project. The decommissioning of the hydrogen components will be a non-regulated expense.

8.3.3 Operating Costs

The operating costs shown in Table 16 relate to work performed on the three wind turbines. These costs are not recovered from Hydro's customers.

Table 16: Operating Costs for Q2 2023 ($)

Approved 2023 Budget	Actual	Total Commitments
-	-	-

8.3.4 Reliability and Safety Issues

The wind turbines were not operational during the current quarter and there are no safety issues to report.

Appendix A

Power Outages Reported to the Board of Commissioners of Public Utilities

Power Outages

Table A-1: Power Outages Reported to the Board for the Current Quarter

Date	Area Affected	Cause	Customers Affected	Duration
09-May-2023	Black Tickle	Defective Equipment	96	96 hours, 30 minutes
13-May-2023	Labrador West	Under Investigation	6,037	1 hour, 30 minutes
21-May-2023	King's Point	Adverse Weather	691	7 hours, 50 minutes
31-May-2023	Labrador East	Gas Turbine Trip	5,448	1 hour, 51 minutes
09-June-2023	St. Anthony Line 1	Defective Equipment	1,156	8 hours, 17 minutes
20-June-2023	Labrador West	Protection Issue	6,037	50 minutes
26-June-2023	Labrador East	System Conditions	5,448	8 hours, 42 minutes
26-June-2023	Labrador West	System Conditions	6,037	1 hour, 18 minutes

Appendix B

Major Events Excluded From Performance Index Tables

Major Events

Table B-1: Major Events Excluded From Performance Index Tables[1]

Year	Event Description	End Customer		Service Continuity		Transmission	
		SAIDI	SAIFI	SAIDI	SAIFI	T-SAIDI	T-SAIFI
2023	No major events	N/A	N/A	N/A	N/A	N/A	N/A
2022	TL214 outage due to extreme winds	0.26	0.03	0.00	0.00	35.67	0.03
	Great Northern Peninsula outage[2]	0.38	0.03	2.93	0.20	91.92	0.23
	Connaigre Peninsula outage due to freezing rain	0.24	0.01	1.81	0.06	0.00	0.00
2021	No major events	N/A	N/A	N/A	N/A	N/A	N/A
2020	Winter storm affecting Change Islands/Fogo	0.09	0.01	0.71	0.09	0.00	0.00
2019	No major events	N/A	N/A	N/A	N/A	N/A	N/A
2018	Windstorm affecting TL214 on the southwest coast of the Newfoundland	0.17	0.00	0.00	0.00	11.89	0.00
	Landslide affecting the Glenburnie System on the Great Northern Peninsula	0.06	0.00	3.55	0.22	25.50	0.11

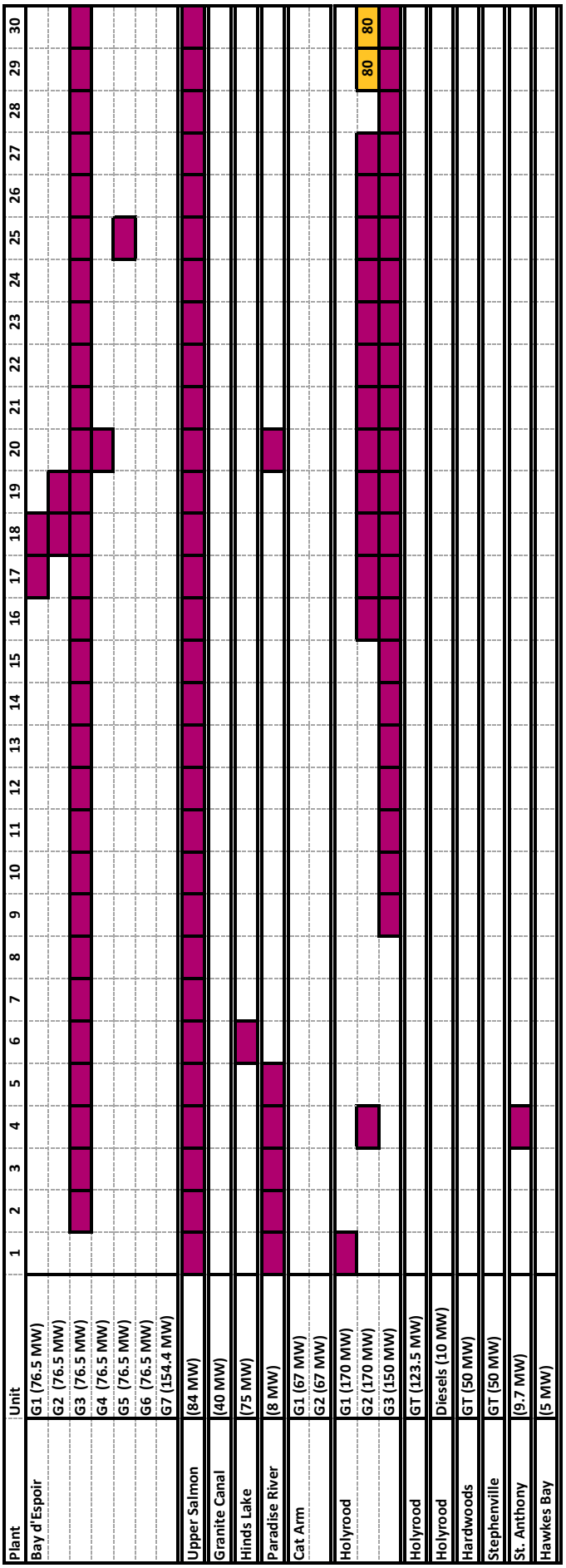
[1] Data for 2023 reflects major events to the end of the current quarter. Data for 2018–2022 reflects major events experienced through the year.

[2] In its Quarterly Regulatory Report for the Quarter Ended March 31, 2022, Hydro had included this outage within the reliability indicators. It was subsequently reclassified as a major event and excluded from the first quarter 2022 reliability indicators.

Appendix C

Generation Unit Outages

April 2023


Plant
Unit
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
Bay d'Espoir
G1 (76.5 MW)
G2 (76.5 MW)
G3 (76.5 MW)
G4 (76.5 MW)
G5 (76.5 MW)
G6 (76.5 MW)
G7 (154.4 MW)
Upper Salmon
(84 MW)
Granite Canal
(40 MW)
Hinds Lake
(75 MW)
Paradise River
(8 MW)
Cat Arm
G1 (67 MW)
G2 (67 MW)
Holyrood
G1 (170 MW)
G2 (170 MW)
G3 (150 MW)
80
80
Holyrood
GT (123.5 MW)
Holyrood
Diesels (10 MW)
Hardwoods
GT (50 MW)
Stephenville
GT (50 MW)
St. Anthony
(9.7 MW)
Hawkes Bay
(5 MW)
Available
Available Derated
Unavailable

May 2023

Plant	Unit	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Bay d'Espoir	G1 (76.5 MW)																															
	G2 (76.5 MW)																															
	G3 (76.5 MW)																															
	G4 (76.5 MW)																															
	G5 (76.5 MW)																															
	G6 (76.5 MW)																															
	G7 (154.4 MW)																															
Upper Salmon	(84 MW)																															
Granite Canal	(40 MW)																															
Hinds Lake	(75 MW)																															
Paradise River	(8 MW)																															
Cat Arm	G1 (67 MW)																															
	G2 (67 MW)																															
Holyrood	G1 (170 MW)																															
	G2 (170 MW)															50																
	G3 (150 MW)																															
Holyrood	GT (123.5 MW)																															
Holyrood	Diesels (10 MW)																															
Hardwoods	GT (50 MW)																															
Stephenville	GT (50 MW)																															
St. Anthony	(9.7 MW)																															
Hawkes Bay	(5 MW)																															

Available
Available Derated
Unavailable

June 2023

Plant	Unit	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Bay d'Espoir	G1 (76.5 MW)																														
	G2 (76.5 MW)																														
	G3 (76.5 MW)																														
	G4 (76.5 MW)																														
	G5 (76.5 MW)																														
	G6 (76.5 MW)																														
	G7 (154.4 MW)																														
Upper Salmon	(84 MW)																														
Granite Canal	(40 MW)																														
Hinds Lake	(75 MW)																														
Paradise River	(8 MW)																														
Cat Arm	G1 (67 MW)																														
	G2 (67 MW)																														
Holyrood	G1 (170 MW)																														
	G2 (170 MW)																														
	G3 (150 MW)																														
Holyrood	GT (123.5 MW)																														
Holyrood	Diesels (10 MW)																														
Hardwoods	GT (50 MW)																														
Stephenville	GT (50 MW)					25																									
St. Anthony	(9.7 MW)																													8.85	8.85
Hawkes Bay	(5 MW)																														

Available
Available Derated
Unavailable

Appendix D

Supplemental Reliability Information

1.0 Service Continuity Performance

1.1 Service Continuity by Outage Type

Service Continuity SAIDI and SAIFI performance data, by outage type, are provided in Table 1 and Table 2, respectively. Hydro uses the average of each index for the period 2018 to 2022 to establish its annual targets for 2023 for these indexes.

Table 1: Service Continuity SAIDI (Hours per Customer)

	Q2 2023	Q2 2022	Target	YTD 2023	2022	Annual Target 2023
Planned	2.34	2.59	N/A	2.62	2.65	N/A
Unplanned	3.52	2.51	N/A	5.22	5.65	N/A
Planned and Unplanned	**5.86**	**5.10**	**7.84**	**7.84**	**8.30**	**18.47**

Table 2: Service Continuity SAIFI (Interruptions per Customer)

	Q2 2023	Q2 2022	Target	YTD 2023	2022	Annual Target 2023
Planned	0.35	0.37	N/A	0.48	0.45	N/A
Unplanned	2.09	1.37	N/A	3.28	2.26	N/A
Planned and Unplanned	**2.44**	**1.73**	**2.16**	**3.76**	**2.71**	**5.48**

1.2 Service Continuity Performance by Area

Service Continuity SAIDI and SAIFI performance data, broken down by geographical area, are provided in Table 3 and Table 4, respectively. The area performance indicators are calculated using the respective area customer count.[1]

[1] Hydro has aligned its geographical areas with its internal reporting, as Northern and Central Regions within Transmission and Rural Operations were combined into Island area.

Table 3: Service Continuity SAIDI

Area	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Labrador Region	10.55	7.28	10.96	4.76
Island Region	2.87	3.70	5.85	5.69
All Regions[2]	5.86	5.10	7.84	5.33

Table 4: Service Continuity SAIFI

Area	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Labrador Region	4.90	1.89	5.70	1.53
Island Region	0.87	1.64	2.52	2.30
All Regions[3]	2.44	1.73	3.76	2.00

1.3 Service Continuity Performance by Origin

Service continuity SAIDI and SAIFI values, broken down by origin, are provided in Table 5 and Table 6, respectively.[4]

Table 5: Service Continuity SAIDI (Hours per Customer)[5]

Origin	Q2 2023	Q2 2022	12 Months-to-Date 2023	12 Months-to-Date 2022	Average 2018–2022
Loss of Supply: Transmission	1.97	0.61	10.46	9.59	10.71
Distribution	3.89	4.49	6.57	13.21	7.76
Overall SAIDI	**5.86**	**5.10**	**17.03**	**22.80**	**18.47**

Table 6: Service Continuity SAIFI (Interruptions per Customer)[6]

Origin	Q2 2023	Q2 2022	12 Months-to-Date 2023	12 Months-to-Date 2022	Average 2018–2022
Loss of Supply: Transmission	1.58	0.84	3.46	3.23	3.07
Distribution	0.86	0.89	2.55	4.07	2.41
Overall SAIFI	**2.44**	**1.73**	**5.98**	**7.30**	**5.48**

[2] All areas performance indicators are calculated using all of Hydro Rural Systems customers. Therefore, the area performances cannot be summed to provide all areas performances.
[3] All areas performance indicators are calculated using all of Hydro Rural Systems customers. Therefore, the area performances cannot be summed to provide all areas performances.
[4] Hydro is updating some reliability tracking processes and is currently unable to provide segmented loss of supply statistics for the Newfoundland Power, Isolated, and L'Anse-au-Loup systems. Reporting will resume when available.
[5] Numbers may not add due to rounding.
[6] Numbers may not add due to rounding.

1.4 Service Continuity Performance by Type

Service Continuity SAIDI and SAIFI values, broken down by geographical area, are provided in Table 7.

The area performance indicators are calculated using the area customer count.

Table 7: Service Continuity by Interruption Type[7]

	Q2 2023 Unplanned		Q2 2023 Planned		Q2 2023 Total	
Area	**SAIFI**	**SAIDI**	**SAIFI**	**SAIDI**	**SAIFI**	**SAIDI**
Island	0.61	2.25	0.26	0.62	**0.87**	**2.87**
Labrador	4.41	5.52	0.49	5.03	**4.90**	**10.55**
All Areas	2.09	3.52	0.35	2.34	**2.44**	**5.86**

1.5 Service Continuity Customer Interruptions by Cause

Service Continuity interruptions, grouped by cause, are provided in Table 8.

Table 8: Service Continuity by Cause of Interruption[8]

	Q2 2023		YTD	
Cause	**SAIFI**	**SAIDI**	**SAIFI**	**SAIDI**
Adverse Environment	0.00	0.00	0.00	0.00
Adverse Weather	0.02	0.13	0.03	0.15
Defective Equipment	0.02	0.09	0.14	0.49
Environment – Corrosion	0.00	0.00	0.02	0.02
Environment – Salt Spray	0.02	0.08	0.02	0.08
Foreign Interference	0.00	0.00	0.00	0.00
Foreign Interference – Object	0.00	0.00	0.00	0.00
Foreign Interference – Vehicle	0.00	0.00	0.02	0.06
Human Error	0.03	0.05	0.03	0.05
Loss of Supply	1.58	1.97	2.45	2.99
Lightning	0.01	0.01	0.01	0.01
Scheduled Outage – Planned	0.35	2.33	0.48	2.62
Tree Contacts	0.06	0.57	0.14	0.65
Undetermined/Other	0.35	0.63	0.42	0.71
Total	**2.44**	**5.86**	**3.76**	**7.84**

[7] Numbers may not add due to rounding.
[8] Numbers may not add due to rounding.

2.0 Transmission System Average Restoration Index

Hydro's 2023 YTD T-SARI was 80 minutes[9] per interruption compared to 106 minutes per interruption for 2022 YTD. Hydro does not establish a restoration index target.

Chart 1 shows the annual YTD T-SARI performance from 2019 to 2023 and the Electricity Canada 2019 to 2021 annual T-SARI performances.

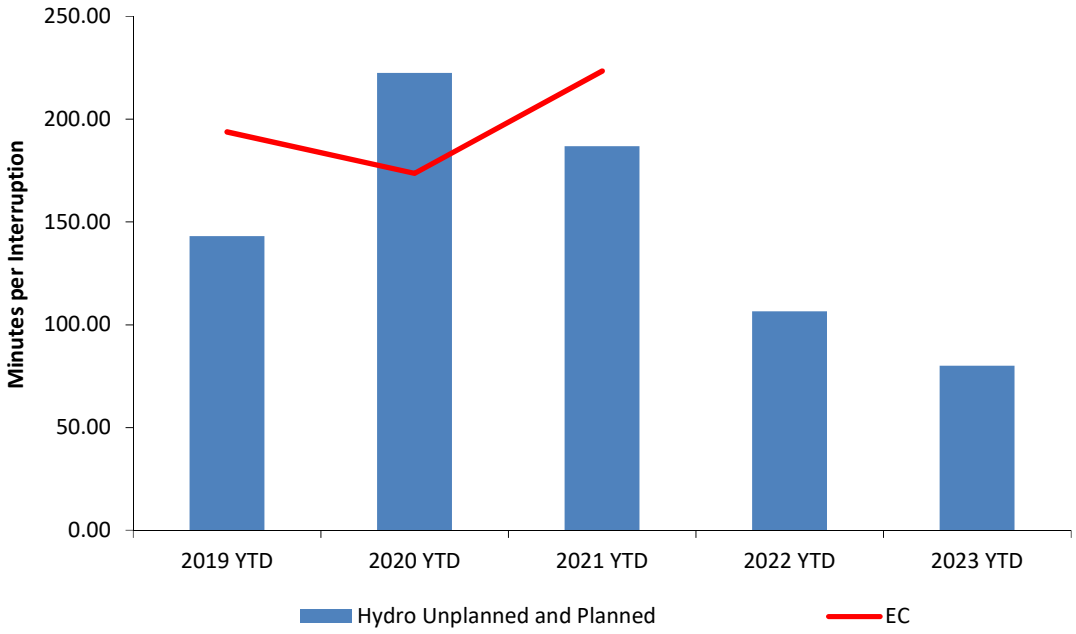


Chart 1: T-SARI Measurements 2019–2023

3.0 Under Frequency Load Shedding

Performance data for UFLS events and UFLS undersupplied energy, by customer breakdown, are provided in

[9] T-SARI is calculated based on numbers that have not been rounded. Therefore, T-SARI does not equate T-SAIDI divided by T-SAIFI as presented in this report due to rounding.

Table 9 and Table 10, respectively.[10] The annual UFLS target has historically been set at six events. Hydro does not establish a UFLS event YTD target or UFLS undersupplied energy targets. Performance data for UFLS events is provided in Chart 2.

[10] As individual UFLS events can affect customer types differently, total events may not be the sum of the customer types.

Table 9: Customer Breakdown of UFLS Events

Customers	Q2 2023	Q2 2022	12 Months-to-Date 2023	12 Months-to-Date 2022	Annual Target 2023	Average 2018–2022
Newfoundland Power	0	0	2	2	N/A	2.0
Industrials	0	0	4	1	N/A	1.6
Hydro Rural	0	0	0	0	N/A	0
Total Events	**0**	**0**	**2**	**2**	**6**	**2.0**

Table 10: Customer Breakdown of UFLS Undersupplied Energy (MW-min)

Customers	Q2 2023	Q2 2022	12 Months-to-Date 2023	12 Months-to-Date 2022	Average 2018–2022
Newfoundland Power	0	0	7,058	2,266	3,512.2
Industrials	0	0	497	240	277.0
Hydro Rural	0	0	0	0	0
Total Undersupplied Energy	**0**	**0**	**7,555**	**2,506**	**3,789.2**

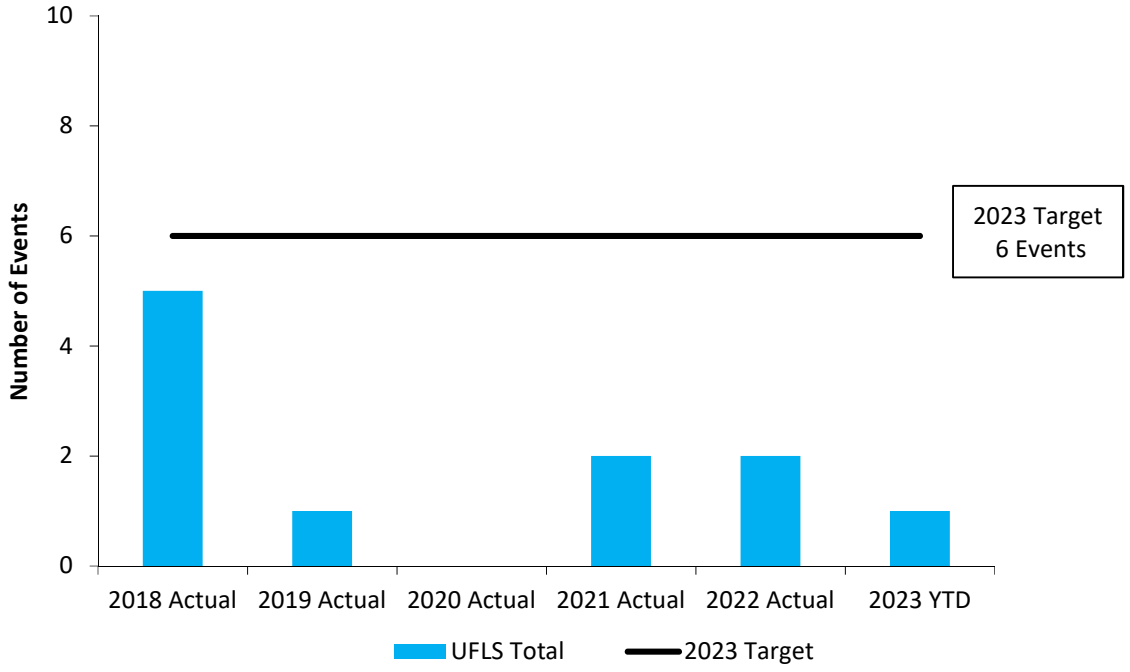


Chart 2: UFLS Events

Appendix E

Financial Schedules

Balance Sheet - Regulated Operations
as at June 30, 2023
($000)[1]

Assets	**June 2023**	**June 2022**
Current Assets		
Cash and Cash Equivalents	14,745	9,236
Accounts Receivable	65,293	57,399
Current Portion of Sinking funds	6,259	6,462
Inventory	95,153	132,519
Contract receivable[2]	8,067	-
Due from Related Parties	359	759
Prepaid Expenses	7,794	8,967
Promissory Note - Non-Regulated	-	2,765
	197,670	**218,107**
Property, Plant, and Equipment	2,258,414	2,216,075
Intangible Assets	5,064	5,701
Sinking Funds	197,821	190,386
Right-of-Use Assets	2,452	2,486
Regulatory Assets	571,366	323,666
Long-Term Receivable	217	210
Total Assets	**3,233,004**	**2,956,631**
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	66,161	60,761
Accrued Interest	25,363	25,339
Current Portion of Long-Term Debt	6,650	6,650
Deferred Credits	5,085	3,840
Current Portion of Deferred Contributions	993	1,016
Current Portion of ARO	1,401	1,511
Due to Related Parties	23,613	10,200
Contract Payable	270,817	90,786
Promissory Notes	20,000	-
Promissory Note - Non-Regulated	9,248	-
	429,331	**200,103**
Deferred Contributions	65,406	56,453
Long-Term Payable	6,864	824
Long-Term Debt	2,026,030	2,038,104
Lease Liability	2,590	2,566
Regulatory Liabilities	10,598	5,108
Asset Retirement Obligations	16,184	13,262
Employee Future Benefits	68,615	95,803
Contributed Capital	100,000	100,000
Retained Earnings	483,630	449,967
Accumulated Other Comprehensive Income (Loss)	23,756	(5,559)
Total Liabilities and Shareholder's Equity	**3,233,004**	**2,956,631**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Payments under the Labrador-Island Link Transmission Funding Agreement ("TFA") commenced in April 2023. The contract receivable balance represents the timing difference between the expense recognition of the value of the service delivered to Hydro and the contractual payments made under the TFA.

Statement of Income - Regulated Operations
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter				YTD			Annual
2023 Actual	**2023 Budget**	**2022 Actual**		**2023 Actual**	**2023 Budget**	**2022 Actual**	**2023 Budget**
			Revenue				
143,075	141,770	141,549	Energy Sales	372,468	370,148	370,774	636,290
3,194	1,432	4,153	Other Revenue	11,469	2,866	9,471	5,795
146,269	**143,202**	**145,702**		**383,937**	**373,014**	**380,245**	**642,085**
			Expenses				
35,759	34,677	33,233	Operating Costs	72,226	67,940	65,562	136,146
29,351	29,116	29,105	Fuels	155,456	151,297	151,767	244,857
16,048	13,918	16,303	Power Purchased	34,645	29,746	34,558	54,786
22,506	22,461	21,465	Amortization	42,393	42,425	44,039	87,597
330	539	943	Other Expense	861	1,078	1,447	2,157
21,242	21,377	22,475	Interest	42,646	43,856	44,513	85,174
125,236	**122,088**	**123,524**		**348,227**	**336,342**	**341,886**	**610,717**
21,033	**21,114**	**22,178**	**Net Income**	**35,710**	**36,672**	**38,359**	**31,368**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Statement of Comprehensive Income - Regulated Operations
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter				YTD		
2023 Actual	**2023 Budget**	**2022 Actual**		**2023 Actual**	**2023 Budget**	**2022 Actual**
21,033	21,114	22,178	Net Income	35,710	36,672	38,359
			Other Comprehensive Loss			
(509)	-	-	Employee Future Benefit Actuarial Loss	(1,017)	-	-
20,524	**21,114**	**22,178**	**Total Comprehensive Income**	**34,693**	**36,672**	**38,359**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Statement of Cash Flows - Regulated Operations
for the Six Months Ended June 30, 2023
($000)[1]

	YTD	
	2023	**2022**
Operating Activities		
Net Income	35,710	38,359
Adjusted for Items not Involving Cash Flow		
Amortization of Property, Plant and Equipment	42,388	44,029
Accretion of Asset Retirement Obligation and Long-Term Debt	1,060	703
Amortization of Deferred Contributions	(1,097)	(1,117)
Employee Future Benefits	1,034	1,806
Loss on Disposal of Property, Plant and Equipment	-	2
Other	(8,117)	(6,605)
	70,978	**77,177**
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	31,754	50,042
Inventory	3,839	(48,365)
Prepaid Expenses	(2,087)	(2,803)
Regulatory Assets	(67,018)	(159,211)
Regulatory Liabilities	97	1,886
Accounts Payable and Accrued Liabilities	(44,980)	(6,095)
Contract Payable	105,351	73,213
Long-Term Payable	6,040	-
Contract receivable	(8,067)	-
Due to/from Related Parties	7,933	9,358
	103,840	**(4,798)**
Financing Activities		
Decrease in Long-Term Receivable	40	23
Decrease in Deferred Credits	2,075	1,308
Increase in Deferred Capital Contribution	2,789	2,514
Decrease in Promissory Notes	(99,040)	(42,953)
	(94,136)	**(39,108)**
Investing Activities		
Additions to Property, Plant and Equipment	(50,444)	(34,617)
Removal Costs	(170)	(77)
Proceeds on Disposal	-	13
Additions to Intangible Assets	-	(1)
Increase in Sinking Funds	(2,400)	(2,397)
Decrease in Related Party Note Receivable	29,665	53,220
Changes in Non-Cash Working Capital Balances	12,123	(4,785)
	(11,226)	**11,356**
Net Decrease in Cash	(1,522)	(32,550)
Cash Position, Beginning of Period	16,267	41,786
Cash Position, End of Period	**14,745**	**9,236**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Revenue Summary - Regulated Operations
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter				YTD			Annual
2023 Actual	**2023 Budget**	**2022 Actual**		**2023 Actual**	**2023 Budget**	**2022 Actual**	**2023 Budget**
			Industrial				
5,536	9,894	7,451	Industrial	13,123	19,875	15,595	39,835
5,682	12,386	3,818	Industrial Load[2]	9,425	12,795	7,141	23,552
11,218	22,280	11,269	**Total Industrial**	22,548	32,670	22,736	63,387
			Utility				
124,812	100,219	99,927	Newfoundland Power Inc.	314,193	291,911	270,639	489,442
(12,419)	-	10,981	Utility Load[3]	(10,256)	-	30,765	-
112,393	100,219	110,908	**Total Utility**	303,937	291,911	301,404	489,442
19,154	19,271	19,372	**Rural**	45,983	45,567	46,634	83,461
310	-	-	**Export Energy[4]**	-	-	-	-
			Other Revenue				
189	129	762	Sundry	376	258	929	517
411	403	406	Pole Attachments	810	805	812	1,611
549	508	557	Amortization of CIAC[5]	1,097	1,018	1,117	2,098
1,680	-	2,055	Recovery of Supply Power[6]	8,456	-	5,868	-
365	392	373	Generation Demand Recovery	730	785	745	1,569
3,194	**1,432**	**4,153**	**Total Other Revenue**	**11,469**	**2,866**	**9,471**	**5,795**
146,269	**143,202**	**145,702**	**Total Revenue**	**383,937**	**373,014**	**380,245**	**642,085**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Industrial load represents the revenue load variance recognized through the Supply Cost Variance Deferral Account ("SCVDA").

[3] Utility load represents the revenue load variance recognized through the SCVDA.

[4] Export Energy results from the sale of energy in excess of customer load requirements to external markets based on the availability of Lower Churchill assets. The balance in Q2 2023 represents a correction to the Q1 2023 adjustment to the estimation of export energy monetization revenue calculation completed at December 31, 2022. Total export energy sales are deferred in the SCVDA.

[5] Contribution in aid of Construction ("CIAC").

[6] Recovery of Supply Power includes sales of emergency energy to Nova Scotia Power and recovery of costs incurred by Newfoundland and Labrador Hydro as a result of advanced delivery of the Nova Scotia Block to Emera.

Supplementary Schedule - Regulated Operations
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter				YTD			Annual
2023 Actual	2023 Budget	2022 Actual		2023 Actual	2023 Budget	2022 Actual	2023 Budget
			Interest				
			Interest Income				
3,599	3,504	3,383	Interest on Sinking Fund	7,079	6,919	6,687	14,034
1,302	795	255	Other Interest Income	2,291	1,386	815	3,105
4,901	**4,299**	**3,638**	**Total Interest Income**	**9,370**	**8,305**	**7,502**	**17,139**
			Interest Expense				
24,432	24,432	24,432	Interest on Long-Term Debt	48,863	48,863	48,863	97,725
677	2,339	444	Interest on Short-Term Debt	2,361	4,550	388	11,741
2,198	2,240	2,175	Debt Guarantee Fee	4,397	4,481	4,351	8,963
538	379	359	Accretion	1,060	743	703	1,500
(804)	(787)	(735)	RSP Interest	(1,495)	(1,476)	(1,436)	(2,937)
(558)	(2,725)	(368)	SCVDA Interest	(2,594)	(4,628)	(531)	(12,950)
21	13	12	Other	34	25	23	50
26,504	**25,891**	**26,319**	**Total Interest Expense**	**52,626**	**52,558**	**52,361**	**104,092**
(361)	(215)	(206)	Interest Capitalized during Construction	(610)	(397)	(346)	(1,779)
26,143	25,676	26,113		52,016	52,161	52,015	102,313
21,242	**21,377**	**22,475**	**Net Interest Expense**	**42,646**	**43,856**	**44,513**	**85,174**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Balance Sheet - Non-Regulated Activities
as at June 30, 2023
($000)[1]

	June 2023	June 2022
Assets		
Current Assets		
Accounts Receivable	3,061	5,088
Deferred Assets	42,845	27,828
Promissory Note Receivable	9,248	-
Due from Related Party	4,044	2,822
	59,198	**35,738**
Investment in CF(L)Co[2]	720,456	669,183
Total Assets	**779,654**	**704,921**
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	3,763	2,932
Due to Related Party	19,275	10,865
Promissory Note	-	2,765
Derivative Liabilities	45,074	56,799
	68,112	**73,361**
Employee Future Benefits	3,329	4,660
Share Capital	22,504	22,504
Lower Churchill Development Corporation	15,400	15,400
Retained Earnings	663,807	591,507
Accumulated Other Comprehensive Income (Loss)	6,502	(2,511)
Total Liabilities and Shareholder's Equity	**779,654**	**704,921**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Churchill Falls (Labrador) Corporation ("CF(L)Co").

Statement of Income (Loss) - Non-Regulated Activities
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter				YTD			Annual
2023 Actual	**2023 Budget**	**2022 Actual**		**2023 Actual**	**2023 Budget**	**2022 Actual**	**2023 Budget**
			Revenue				
12,176	13,348	14,423	Energy Sales	29,125	30,061	30,676	58,322
4,714	5,252	3,858	Other Revenue	9,429	10,505	6,205	21,011
16,890	**18,600**	**18,281**		**38,554**	**40,566**	**36,881**	**79,333**
			Expenses				
940	210	221	Operating Costs	1,466	415	6	814
4,713	5,252	4,137	Transmission Rental	9,429	10,505	6,484	21,010
11,489	12,724	12,391	Power Purchased	25,017	25,136	25,235	50,851
8,300	-	11,433	Other Expense[2]	2,229	-	28,972	-
25,442	**18,186**	**28,182**		**38,141**	**36,056**	**60,697**	**72,675**
(8,552)	**414**	**(9,901)**	Net Operating Income (Loss)	**413**	**4,510**	**(23,816)**	**6,658**
			Other Revenue				
345	178	435	Equity in CF(L)Co	17,975	18,486	17,172	41,283
937	1,541	1,640	Preferred Dividends	3,622	3,832	4,173	11,399
1,282	**1,719**	**2,075**		**21,597**	**22,318**	**21,345**	**52,682**
(7,270)	**2,133**	**(7,826)**	**Net Income (Loss)**	**22,010**	**26,828**	**(2,471)**	**59,340**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] The balance in Other Expense is related to the fair value valuation of the Energy Marketing - Hydro Power Purchase Agreement derivative liability and associated gains and losses as a result of changes in forecasted energy prices.

Statement of Retained Earnings - Non-Regulated Activities
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter			YTD	
2023 Actual	**2022 Actual**		**2023 Actual**	**2022 Actual**
671,723	603,571	Balance, Beginning of Period	645,843	603,496
(7,270)	(7,826)	Net Income (Loss)	22,010	(2,471)
(646)	(4,238)	Dividends	(4,046)	(9,518)
663,807	**591,507**	Balance, End of Period	**663,807**	**591,507**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Statement of Comprehensive Income (Loss) - Non-Regulated Activities
for the Six Months Ended June 30, 2023
($000)[1]

Second Quarter				YTD			Annual
2023 Actual	**2023 Budget**	**2022 Actual**		**2023 Actual**	**2023 Budget**	**2022 Actual**	**2023 Budget**
(7,270)	2,133	(7,826)	Net Income (Loss)	22,010	26,828	(2,471)	59,340
			Other Comprehensive Income (Loss)				
(497)	-	(988)	Share of CF(L)Co other Comprehensive Income (Loss) and Other	8	-	(2,311)	-
(7,767)	**2,133**	**(8,814)**	**Total Comprehensive Income (Loss)**	**22,018**	**26,828**	**(4,782)**	**59,340**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Statement of Cash Flows - Non-Regulated Activities
for the Six Months Ended June 30, 2023
($000)[1]

	YTD	
	2023	**2022**
Operating Activities		
Net Income	22,010	(2,471)
Adjusted for Items not Involving Cash Flow		
Employee Future Benefits	179	242
Equity in CF(L)Co	(17,975)	(17,172)
Other	2,230	28,971
	6,444	**9,570**
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	5,105	4,275
Accounts Payable and Accrued Liabilities	(161)	(157)
Due to/from Related Parties	3,227	7,403
Prepaid Expenses	639	592
	15,254	**21,683**
Financing Activities		
Decrease in Promissory Notes	(11,959)	(12,047)
Dividends	(4,046)	(9,518)
	(16,005)	**(21,565)**
Investing Activities		
Changes in Non-Cash Working Capital Balances	751	(118)
	751	**(118)**
Net Change in Cash	-	-
Cash Position, Beginning of Period	-	-
Cash Position, End of Period	-	-

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Attachment 1

Rate Stabilization Plan Report

Quarter Ended June 30, 2023

Newfoundland and Labrador Hydro
Rate Stabilization Plan Report
June 30, 2023

Summary of Key Facts

The Rate Stabilization Plan ("RSP") of Newfoundland and Labrador Hydro ("Hydro") was established for Hydro's Utility customer, Newfoundland Power Inc. ("Newfoundland Power") and Island Industrial Customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 Fuel cost at Hydro's Holyrood Thermal Generating Station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

In Board Order No. P.U. 33(2021), the Board of Commissioners of Public Utilities (“Board”) approved the Supply Cost Variance Deferral Account to deal with future supply cost variances on the Island Interconnected System beginning in the month in which Hydro was required to begin payments under the Muskrat Falls Purchase Power Agreement (i.e., November 2021). The approval of the Supply Cost Variance Deferral Account discontinued transfers to the RSP, effective as of the implementation of the Supply Cost Variance Deferral Account, resulting from variations in future costs associated with the Test Year Cost of Service estimates for the items listed above. However, the Board directed that the RSP balances be maintained for the transparent and timely recovery of historical balances. The rules provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board in Board Order No. P.U. 4(2022).

Finance charges are calculated on the balances using the test year weighted average cost of capital, which is currently 5.43% per annum.

Rate Stabilization Plan
Net Hydraulic Production Variation
June 30, 2023

	A Cost of Service Net Hydraulic Production (kWh)	B1 Actual Net Hydraulic Production (kWh)	B2 Net Ponded Energy (kWh)	B3 Spill Exports (kWh)	B Net Hydraulic Production for Variance Calculation (kWh)	C Monthly Net Hydraulic Production Variance (kWh)	D Cost of Service No. 6 Fuel Cost ($CDN/bbl)	E Net Hydraulic Production Variation ($)	F Financing Charges ($)	G Transfers	H Cumulative Variation and Financing Charges ($)
					(B1 + B2 - B3)	(A - B)		(C / O[1] X D)			(E + F) (to page 5)
Opening Balance											29,776,723
Adjustment											-
Adjusted Opening Balance											**29,776,723**
January	-	-	-	-	-	-	105.90	-	131,498	-	29,908,221
February	-	-	-	-	-	-	105.90	-	132,079	-	30,040,300
March	-	-	-	-	-	-	105.90	-	132,662	-	30,172,962
April	-	-	-	-	-	-	105.90	-	133,248	-	30,306,210
May	-	-	-	-	-	-	105.90	-	133,837	-	30,440,047
June	-	-	-	-	-	-	105.90	-	134,428	-	30,574,475
July											
August											
September											
October											
November											
December											
YTD	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**797,752**	**-**	**30,574,475**

[1] O is the Holyrood Operating Efficiency of 583 kWh/barrel, reference Board Order No. P.U. 16(2019) at p. 19.

Rate Stabilization Plan
Summary of Utility Customer
June 30, 2023

	A	B	C	D	E	F	G	H
	Load Variation ($)	Allocation Fuel Variance ($)	Allocation Rural Rate Alteration ($)	Subtotal Monthly Variances ($) (A + B + C)	Financing Charges ($)	Adjustment[1] ($)	Transfers[2] ($)	Cumulative Net Balance ($) (to page 5)
Opening Balance								16,963,988
Adjustment								-
Adjusted Opening Balance								**16,963,988**
January	-	-	-	-	74,915	147,973	-	17,186,876
February	-	-	-	-	75,900	157,693	-	17,420,469
March	-	-	-	-	76,931	153,873	8,685,251	26,336,524
April	-	-	-	-	116,306	124,968	-	26,577,798
May	-	-	-	-	117,371	103,505	-	26,798,674
June	-	-	-	-	118,347	85,010	-	27,002,031
July								
August								
September								
October								
November								
December								
YTD	**-**	**-**	**-**	**-**	**579,770**	**773,022**	**8,685,251**	**10,038,043**
Hydraulic Allocation **(from page 2)**								-
Total	**-**	**-**	**-**	**-**	**579,770**	**773,022**	**8,685,251**	**27,002,031**

[1] Effective July 1, 2022, the RSP Adjustment rate is (0.023) cents per kWh as per Board Order No. P.U. 19(2022).

[2] Recovery of the 2022 Isolated Systems Supply Costs Deferral was approved in Board Order No. P.U. 7(2023).

Rate Stabilization Plan
Summary of Industrial Customers
June 30, 2023

	A	B	C	D	E	F	G
	Load Variation ($)	**Allocation Fuel Variance ($)**	**Subtotal Monthly Variances ($)**	**Financing Charges ($)**	**Adjustment[1] ($)**	**Transfers ($)**	**Cumulative Net Balance ($)**
			(A + B)				**(to page 5)**
Opening Balance							5,549,727
Adjustment							-
Adjusted Opening Balance							**5,549,727**
January	-	-	-	24,508	(474,453)	-	5,099,782
February	-	-	-	22,521	(497,882)	-	4,624,421
March	-	-	-	20,422	(502,649)	-	4,142,194
April	-	-	-	18,293	(486,870)	-	3,673,617
May	-	-	-	16,223	(246,805)	-	3,443,035
June	-	-	-	15,205	(109,360)	-	3,348,880
July							
August							
September							
October							
November							
December							
YTD	**-**	**-**	**-**	**117,172**	**(2,318,019)**	**-**	**(2,200,847)**
Hydraulic Allocation **(from page 2)**							-
Total	**-**	**-**	**-**	**117,172**	**(2,318,019)**	**-**	**3,348,880**

[1] Effective January 1, 2023, the RSP Adjustment rate is 1.4770 cents per kWh as per Board Order No. P.U. 3(2023).

Rate Stabilization Plan
Overall Summary
June 30, 2023

	A	B	C	D
	Hydraulic Balance ($)	**Utility Balance ($)**	**Industrial Balance ($)**	**Total To Date ($)**
				(A + B + C)
	(from page 2)	**(from page 3)**	**(from page 4)**	
Opening Balance	29,776,723	16,963,988	5,549,727	52,290,438
Adjustments	-	-	-	-
Adjusted Opening Balance	**29,776,723**	**16,963,988**	**5,549,727**	**52,290,438**
January	29,908,221	17,186,876	5,099,782	52,194,879
February	30,040,300	17,420,469	4,624,421	52,085,190
March	30,172,962	26,336,524	4,142,194	60,651,680
April	30,306,210	26,577,798	3,673,617	60,557,625
May	30,440,047	26,798,674	3,443,035	60,681,756
June	30,574,475	27,002,031	3,348,880	60,925,386
July				
August				
September				
October				
November				
December				

Attachment 2

Supply Cost Variance Deferral Account Report

Quarter Ended June 30, 2023

Newfoundland and Labrador Hydro
Supply Cost Variance Deferral Account
June 30, 2023

Summary of Key Facts

In Board Order No. P.U. 33(2021), the Board of Commissioners of Public Utilities ("Board") approved Newfoundland and Labrador Hydro's proposal to establish an account to defer payments under the Muskrat Falls Project agreements, rate mitigation funding, project cost recovery from customers and supply cost variances.

In Board Order No. P.U. 4(2022), the Board approved the Supply Cost Deferral Account definition with an effective date of November 1, 2021.

The Cost Variance Threshold of +/- $500,000 on the Other Island Interconnected System Supply Cost Variance component commenced January 1, 2022. This avoided duplication of the Cost Variance Threshold already applied to the Revised Energy Supply Cost Variance Deferral Account as of October 31, 2022.

Financing charges accrued at the 2022 short-term cost of borrowing of 4.32% for the period of January to November, 2023. In December, financing costs will be trued up to reflect the actual short-term cost of borrowing for 2023.

Supply Cost Variance Deferral Account
Summary
June 30, 2023

	Supply Cost Variance Deferral Account Balance ($)[1] (from page 3)	Utility Balance ($) (from page 4)	Industrial Balance ($) (from page 5)	Total to Date ($)
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				
August				
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 to the end of 2022.

Supply Cost Variance Deferral Account
Section A: Summary
June 30, 2023

			Project Cost Recovery						Load Variation				Financing Charges			
	Muskrat Falls Project Cost Variance[1] ($)	Rate Mitigation Fund[2] ($)	Utility[3] ($)	Industrial ($)	Holyrood TGS[4] Fuel Cost Variance[5] ($)	Other IIS[6] Supply Cost Variance[5] ($)	Net Revenue From Exports Variance[7] ($)	Transmission Tariff Revenue Variance[8] ($)	Utility Variance ($)	Industrial Variance ($)	Greenhouse Gas Credit Revenue Variance ($)	Subtotal Monthly Variances ($)	Utility ($)	Other ($)	Transfers ($)	Cumulative Net Balance ($)
	(from page 6)	(from page 15)			(from page 7)	(from page 8)	(from page 9)	(from page 10)	(from page 11)	(from page 12)	(from page 14)					(to page 2)
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	-	207,618,980
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	-	35,286,548	(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	-	49,508,824	(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																
August																
September																
October																
November																
December																
YTD	**220,890,438**	**(190,404,321)**	**(26,820,475)**	**-**	**(23,520,998)**	**(12,816,743)**	**(1,527,180)**	**(7,679,798)**	**(10,256,281)**	**9,425,395**	**(412,994)**	**(43,122,957)**	**(669,007)**	**3,411,671**	**-**	**(40,380,293)**
Total	**498,437,569**	**(190,404,321)**	**(45,762,562)**	**-**	**(88,823,271)**	**(40,931,528)**	**(34,602,890)**	**(17,792,958)**	**53,294,364**	**27,720,283**	**(12,825,511)**	**148,309,175**	**(802,648)**	**8,298,336**	**-**	**155,804,863**

[1] Labrador-Island Link ("LIL") was commissioned on April 14, 2023. The April variance reflects the first payment of $20.8 million under the Transmission Funding Agreement ("TFA") for the period of April 15–30, 2023. The May variance reflects the payment of $40.5 million for the period May 1–31, 2023.

[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] As per Board Order No. P.U. 19(2022), the Board approved a Project Cost Recovery Rider of 0.798 cents per kWh that became effective as of July 1, 2022.

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

[5] 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. In May, Hydro received updated estimates for March and April which were retroactively updated.

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

[7] In March, the estimate of 2022 net export sales was corrected by $0.3 million to correct finalized numbers.

[8] Effective June 1, 2023, Hydro assigned its long-term transmission rights, including associated payment obligations, for a period of ten years to Nalcor Energy Marketing ("Energy Marketing"). Energy Marketing has been paying all costs associated with these rights under an interim agreement for the month of May, since Hydro's long-term rights commenced on May 1 following commissioning of the LIL in April.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
June 30, 2023

	Allocation Rural Rate Alteration[1] ($)	Financing Charges ($)	Transfers ($)	Cumulative Net Balance ($)
	(from page 13)			(to page 2)
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				
August				
September				
October				
November				
December				
YTD	**(3,328,987)**	**(160,388)**	**-**	**(3,489,375)**
Total	**(8,954,775)**	**(319,057)**	**-**	**(9,273,832)**

[1] 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 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 Balance[1]
June 30, 2023

	Financing Charges ($)	Transfers ($)	Cumulative Net Balance ($) (to page 2)
Opening Balance	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July			
August			
September			
October			
November			
December			
YTD	**-**	**-**	**-**
Total	**-**	**-**	**-**

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

Supply Cost Deferral Account
Muskrat Falls Project Cost Variances
June 30, 2023

	Muskrat Falls PPA Charges Actual ($) (A)	Muskrat Falls PPA Charges Test Year ($) ($A_T$)	TFA Charges Actual[1] ($) (B)	TFA Charges Test Year ($) ($B_T$)	Total Variation ($) $(A - A_T) + (B - B_T)$ (to page 3)
January	19,795,154	-	-	-	**19,795,154**
February	19,400,443	-	-	-	**19,400,443**
March	20,390,107	-	-	-	**20,390,107**
April	20,016,506	-	20,827,945	-	**40,844,451**
May	19,144,430	-	40,496,702	-	**59,641,132**
June	21,561,722	-	39,257,429	-	**60,819,151**
July					
August					
September					
October					
November					
December					
Total	**120,308,361**	**-**	**100,582,076**	**-**	**220,890,438**

[1] LIL was commissioned on April 14, 2023. The April variance reflects the first payment of $20.8 million under the TFA for the period of April 15–30, 2023. The May variance reflects the payment of $40.5 million for the period May 1–31, 2023.

Supply Cost Deferral Account
Holyrood TGS Fuel Cost Variance
June 30, 2023

	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales[1] (bbl.)	Net Quantity No. 6 Fuel (bbl.)	Actual Average No. 6 Fuel Cost ($CDN/bbl.)	Actual ($) C	Test Year Quantity No. 6 Fuel (bbl.)	Test Year No. 6 Fuel Cost ($CDN/bbl.)	Test Year ($) C_T	Total Variation ($) $(C - C_T)$ (to page 3)
January	214,813	1,882	212,931	132.67	28,395,149	421,132	105.90	44,597,879	**(16,202,730)**
February	188,565	21,427	167,138	123.76	20,685,830	363,087	105.90	38,450,913	**(17,765,083)**
March	253,675	7,004	246,671	124.03	30,594,526	178,662	105.90	18,920,306	**11,674,220**
April	116,278	151	116,127	121.38	14,095,110	104,889	105.90	11,107,745	**2,987,365**
May	47,617	141	47,476	118.91	5,645,271	63,808	105.90	6,757,267	**(1,111,997)**
June	-	307	(307)	118.91	(220)	29,297	105.90	3,102,552	**(3,102,773)**
July									
August									
September									
October									
November									
December									
Total	**820,947**	**30,912**	**790,035**	**125.84**	**99,415,665**	**1,160,875**	**105.90**	**122,936,663**	**(23,520,998)**

[1] Includes non-firm sales to Island Industrial Customers, supply of emergency energy to Nova Scotia and the reimbursement of fuel costs by Nalcor under the Indemnity Agreement.

Supply Cost Deferral Account
Other IIS Supply Cost Variance Summary
June 30, 2023

	Thermal Variation[1] ($)	Off-Island Power Purchase Variation[1] ($)	On-Island Power Purchase Variation[1] ($)	CBPP[2] Firm Energy Variation[1] ($)	Current Month Variation ($)	YTD Variation ($)	Cost Variance Threshold[3] ($)	Other IIS Supply Cost Variance ($)
	(D)	(E)	(F)	(G)	(D + E + F + G) (to page 3)			
January	(377,495)	(477,034)	(458,265)	-	(1,312,794)	(1,312,794)	(500,000)	(812,794)
February	(1,480,773)	(2,610,139)	(541,784)	-	(4,632,696)	(5,945,490)	(500,000)	(5,445,490)
March	1,077,734	(5,919,829)	(183,738)	-	(5,025,833)	(10,971,323)	(500,000)	(10,471,323)
April	(506,222)	(146,318)	(298,542)	-	(951,082)	(11,922,405)	(500,000)	(11,422,405)
May	(96,199)	-	(629,458)	-	(725,657)	(12,648,062)	(500,000)	(12,148,062)
June	(564,015)	-	(104,666)	-	(668,681)	(13,316,743)	(500,000)	(12,816,743)
July								
August								
September								
October								
November								
December								
Total	**(1,946,970)**	**(9,153,320)**	**(2,216,453)**	**-**	**(13,316,743)**			

[1] The calculation of the variation by source is provided in Appendix A.

[2] Corner Brook Pulp and Paper Ltd. ("CBPP").

[3] In the Supply Cost Accounting Compliance Application filed on January 21, 2022, it was proposed the cost variance threshold would commence on January 1, 2022 and the cost variance of +/- $500,000 would apply to the Revised Energy Supply Cost Variance Deferral Account balance as of October 31, 2021.

Supply Cost Deferral Account
Net Revenue from Exports Variance
June 30, 2023

	Test Year ($) ($H_T$)	Actual[1] ($) (H)	Total Variation ($) ($H_T$ - H) (to page 3)	Non-Firm Sales Revenue[2]
January	-	499,872	**(499,872)**	-
February	-	385,775	**(385,775)**	-
March	-	343,485	**(343,485)**	-
April	-	146,610	**(146,610)**	-
May	-	110,345	**(110,345)**	-
June	-	41,093	**(41,093)**	-
July				
August				
September				
October				
November				
December				
Total	**-**	**1,527,180**	**(1,527,180)**	**-**

[1] Muskrat Falls and Hydro entered into a Purchase Power Agreement for the purchase and sale of residual block energy. Under this Agreement, Labrador Rural and Industrial customer load, previously serviced with Recapture Energy from Churchill Falls, is now serviced with energy from the Muskrat Falls Hydroelectric Generating Facility. Entering into this Agreement has allowed additional Recapture Energy exports to external markets helping to ensure maximum value from the organization's hydrological resources.

[2] Non-firm sales supplied from hydraulic sources for 2023 were not separately identified. Any non-firm sales were charged to customers at the cost of fuel and credited to the appropriate fuel account. Tracking of sales from hydraulic sources will begin in 2023 pending approval of market rates for non-firm sales.

Supply Cost Deferral Account
Tariff Revenue
June 30, 2023

	Test Year ($) ($I_T$)	Actual[1] ($) (I)	Total Variation ($) ($I_T$ - I) (to page 3)
January	-	862,075	**(862,075)**
February	-	1,179,438	**(1,179,438)**
March	-	1,107,140	**(1,107,140)**
April	-	1,534,710	**(1,534,710)**
May	-	1,498,412	**(1,498,412)**
June	-	1,498,023	**(1,498,023)**
July			
August			
September			
October			
November			
December			
Total	**-**	**7,679,799**	**(7,679,798)**

[1] Effective June 1, 2023, Hydro assigned its long-term transmission rights, including associated payment obligations, for a period of ten years to Energy Marketing. Energy Marketing has been paying all costs associated with these rights under an interim agreement for the month of May, since Hydro's long-term rights commenced on May 1 following commissioning of the LIL in April.

Supply Cost Deferral Account
Load Variation - Utility
June 30, 2023

	Test Year Cost of Service Firm Sales (kWh) (J_T)	Actual Firm Sales (kWh) (J_A)	Sales Variance (kWh) ($J_T - J_A$)	Firm Energy Rate ($/kWh) ($K_R$)	Load Variation ($) ($J_T - J_A$) x K_R (to page 3)
January	715,400,000	643,358,819	72,041,181	0.18165	13,086,281
February	648,500,000	685,622,163	(37,122,163)	0.18165	(6,743,241)
March	646,000,000	669,011,627	(23,011,627)	0.18165	(4,180,062)
April	527,700,000	543,337,922	(15,637,922)	0.18165	(2,840,629)
May	421,700,000	450,020,710	(28,320,710)	0.18165	(5,144,457)
June	345,200,000	369,610,532	(24,410,532)	0.18165	(4,434,173)
July					
August					
September					
October					
November					
December					
Total	**3,304,500,000**	**3,360,961,773**	**(56,461,773)**		**(10,256,281)**

Supply Cost Deferral Account
Load Variation - Industrial
June 30, 2023

	Test Year Cost of Service Firm Sales (kWh) (J_T)	Actual Firm Sales (kWh) (J_A)	Sales Variance (kWh) ($J_T - J_A$)	Firm Energy Rate ($/kWh) ($K_R$)	Load Variation ($) ($J_T - J_A$) x K_R (to page 3)
January	63,000,000	32,122,755	30,877,245	0.04428	1,367,244
February	58,100,000	33,708,987	24,391,013	0.04428	1,080,034
March	63,300,000	34,031,770	29,268,230	0.04428	1,295,997
April	61,500,000	32,963,409	28,536,591	0.04428	1,263,600
May	63,000,000	16,709,915	46,290,085	0.04428	2,049,725
June	60,900,000	7,404,175	53,495,825	0.04428	2,368,795
July					
August					
September					
October					
November					
December					
Total	**369,800,000**	**156,941,011**	**212,858,989**		**9,425,395**

Supply Cost Deferral Account
Rural Rate Alteration
June 30, 2023

	Price ($)	Volume ($)	Total[1] ($)	Utility Allocation[1] ($) (to page 4)	Labrador Interconnected Allocation[1] ($)	Balance ($)
January	(494,263)	(112,506)	(606,769)	(583,105)	(23,664)	-
February	(446,702)	(655,026)	(1,101,728)	(1,058,761)	(42,967)	-
March	(450,521)	(302,807)	(753,328)	(723,948)	(29,380)	-
April	(388,658)	2,465	(386,193)	(371,131)	(15,062)	-
May	(366,835)	58,416	(308,419)	(296,391)	(12,028)	-
June	(338,914)	31,265	(307,649)	(295,651)	(11,998)	-
July						
August						
September						
October						
November						
December						
Total	**(2,485,893)**	**(978,193)**	**(3,464,086)**	**(3,328,987)**	**(135,099)**	**-**

[1] 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).

Supply Cost Deferral Account
Greenhouse Gas Credits
June 30, 2023

	Test Year ($) ($T_T$)	Actual ($) (T)	Total Variation ($) ($T_T$ - T) (to page 3)
January	-	(3,962)	**3,962**
February	-	235,119	**(235,119)**
March	-	950	**(950)**
April	-	-	**-**
May	-	-	**-**
June	-	180,887	**(180,887)**
July			
August			
September			
October			
November			
December			
Total	**-**	**412,994**	**(412,994)**

Supply Cost Deferral Account
Rate Mitigation
June 30, 2023

	Test Year ($)	Actual ($)	Total Variation ($) (to page 3)
January	-	-	**-**
February	-	-	**-**
March[1]	-	190,404,321	**(190,404,321)**
April	-	-	**-**
May	-	-	**-**
June	-	-	**-**
July			
August			
September			
October			
November			
December			
	-	**190,404,321**	**(190,404,321)**

[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 to the end of 2022.

2022 Short-Term Interest Calculation[1]

	($000's)
Promissory Note Interest	1,442
Operating Line Interest	-
Standby and Upfront Fee[2]	444
Brokerage Fee	45
Debt Guarantee Fee – Recoverable Portion Only	69
Total Short-Term Borrowing Costs	**2,000**
Weighted Average Short-Term Debt Balance[3]	**46,260**
Short-Term Cost of Borrowing 2023	**4.32%**

[1] Financing charges accrued at the 2022 short-term cost of borrowing of 4.32% for the period of January to November, 2023. In December, financing costs will be trued up to reflect the actual short-term cost of borrowing for 2023.

[2] Due to an unforeseen low weighted average short-term debt balance and high Supply Cost Variance Deferral Account balance, the inclusion of the full standby and upfront fee of $0.7 million would have resulted in a short-term cost of borrowing rate of 4.88% and an additional $0.6 million interest charge.

As a result, the standby and upfront fee was reduced on a prorated basis in comparison to the 2021 debt (46,260 / 73,118 = 63% * 701 = 444). Hydro's short-term cost of borrowing calculation will be monitored in 2023 and if a methodology modification is required then Hydro will make a submittal for approval with the Board.

[3] The weighted average of the short-term debt balance is calculated using the 365-day average of the credit facility debt and the promissory note debt balances.

Appendix A

Other Island Interconnected System

Supply Cost Variance Summary

Other Island Interconnected System Supply Cost Variance
Thermal Generation Cost Variance
June 30, 2023

Holyrood Combustion Turbine	Actual Cost ($) (A)	Fuel for Non-Firm Sales ($)[1,2] (B)	Net Cost ($) (C = A - B)	Test Year Cost ($) (D)	Thermal Variation ($) (C - D)
January	780,546	342,859	437,687	1,258,888	**(821,201)**
February	2,341,228	3,652,076	(1,310,847)	767,288	**(2,078,135)**
March	1,940,020	122,711	1,817,309	661,531	**1,155,778**
April	20,482	-	20,482	392,558	**(372,076)**
May	93,327	12,196	81,131	123,373	**(42,242)**
June	546,526	672,985	(126,459)	431,643	**(558,102)**
July					
August					
September					
October					
November					
December					
Subtotal	**5,722,128**	**4,802,826**	**919,302**	**3,635,281**	**(2,715,978)**

[1] All non-firm sales are credited under Holyrood Combustion Turbines since the non-firm sales were not distinguished between Holyrood, Hardwoods or Stephenville.

[2] Includes non-firm sales to Island Industrial Customers, supply of emergency energy to Nova Scotia and the reimbursement of fuel costs by Nalcor under the Indemnity Agreement.

Other Island Interconnected System Supply Cost Variance
Thermal Generation Cost Variance
June 30, 2023

Hardwoods Gas Turbine	Actual Cost ($) (A)	Fuel for Non-Firm Sales ($) (B)	Net Cost ($) (C = A - B)	Test Year Cost ($) (D)	Thermal Variation ($) (C - D)
January	271,279	-	271,279	122,478	**148,801**
February	394,415	-	394,415	123,884	**270,531**
March	13,633	-	13,633	117,271	**(103,638)**
April	5,616	-	5,616	83,554	**(77,938)**
May	19,239	-	19,239	57,170	**(37,931)**
June	38,814	-	38,814	46,909	**(8,095)**
July					
August					
September					
October					
November					
December					
Subtotal	**742,995**	**-**	**742,995**	**551,266**	**191,730**

Other Island Interconnected System Supply Cost Variance
Thermal Generation Cost Variance
June 30, 2023

Stephenville Gas Turbine	Actual Cost ($) (A)	Fuel for Non-Firm Sales ($) (B)	Net Cost ($) (C = A - B)	Test Year Cost ($) (D)	Thermal Variation ($) (C - D)
January	266,113	-	266,113	68,116	**197,997**
February	353,434	-	353,434	46,923	**306,511**
March	21,254	-	21,254	40,867	**(19,613)**
April	605	-	605	56,006	**(55,401)**
May	15,956	-	15,956	25,733	**(9,777)**
June	94,417	-	94,417	86,278	**8,139**
July					
August					
September					
October					
November					
December					
Subtotal	**751,779**	**-**	**751,779**	**323,923**	**427,856**

Other Island Interconnected System Supply Cost Variance
Thermal Generation Cost Variance
June 30, 2023

St. Anthony Diesel Generating Station	Actual Cost ($) (A)	Fuel for Non-Firm Sales ($) (B)	Net Cost ($) (C = A - B)	Test Year Cost ($) (D)	Thermal Variation ($) (C - D)
January	52,240	-	52,240	3,147	**49,093**
February	13,881	-	13,881	3,089	**10,792**
March	35,159	-	35,159	3,299	**31,860**
April	1,009	-	1,009	3,547	**(2,538)**
May	(453)	-	(453)	3,662	**(4,115)**
June	(1,025)	-	(1,025)	3,604	**(4,629)**
July					
August					
September					
October					
November					
December					
Subtotal	**100,811**	**-**	**100,811**	**20,348**	**80,463**

Other Island Interconnected System Supply Cost Variance
Thermal Generation Cost Variance
June 30, 2023

Hawkes Bay Diesel Generating Station	Actual Cost ($) (A)	Fuel for Non-Firm Sales ($) (B)	Net Cost ($) (C = A - B)	Test Year Cost ($) (D)	Thermal Variation ($) (C - D)
January	49,390	-	49,390	1,575	**47,815**
February	11,075	-	11,075	1,547	**9,528**
March	14,999	-	14,999	1,652	**13,347**
April	3,507	-	3,507	1,776	**1,731**
May	(301)	-	(301)	1,833	**(2,134)**
June	476	-	476	1,804	**(1,328)**
July					
August					
September					
October					
November					
December					
Subtotal	**79,146**	**-**	**79,146**	**10,187**	**68,959**
Total					**(1,946,970)**

Supply Cost Variance Deferral Account
Off-Island Power Purchase
June 30, 2023

Maritime Link	Actual Cost ($) (A)	Test Year Cost ($) (B)	Off-Island Power Purchase Variation ($) (A - B)
January	-	325,148	(325,148)
February	-	2,548,040	(2,548,040)
March	-	5,799,459	(5,799,459)
April	-	-	-
May	-	-	-
June	-	-	-
July			
August			
September			
October			
November			
December			
Subtotal	**-**	**8,672,647**	**(8,672,647)**

Supply Cost Variance Deferral Account
Off-Island Power Purchase
June 30, 2023

Labrador-Island Link	Actual Cost ($) (A)	Test Year Cost ($) (B)	Off-Island Power Purchase Variation ($) (A - B)
January	-	151,886	(151,886)
February	-	62,099	(62,099)
March	-	120,370	(120,370)
April	-	146,318	(146,318)
May	-	-	-
June	-	-	-
July			
August			
September			
October			
November			
December			
Subtotal	**-**	**480,674**	**(480,673)**
Total			**(9,153,320)**

Supply Cost Deferral Account
On-Island Purchases Variation
June 30, 2023

Nalcor Exploits	**Actual Production (kWh)**	**Cost of Service Production (kWh)**	**Monthly Production Variance (kWh)**	**Cost of Service Cost (¢/kWh)**	**Power Purchase Variation ($)**
	(A)	**(B)**	**(C) = (A - B)**	**(D)**	**(E) = (C x D)**
January	58,066,871	54,196,680	3,870,191	0.0400	154,808
February	48,178,264	48,703,200	(524,936)	0.0400	(20,997)
March	52,473,234	53,794,920	(1,321,686)	0.0400	(52,867)
April	58,185,357	55,911,600	2,273,757	0.0400	90,950
May	52,403,537	58,649,520	(6,245,983)	0.0400	(249,839)
June	56,043,130	48,618,000	7,425,130	0.0400	297,005
July					
August					
September					
October					
November					
December					
Subtotal	**325,350,393**	**319,873,920**	**5,476,473**		**219,060**

Supply Cost Deferral Account
On-Island Purchases Variation
June 30, 2023

Star Lake	**Actual Production (kWh)** (A)	**Cost of Service Production (kWh)** (B)	**Monthly Production Variance (kWh)** (C) = (A - B)	**Cost of Service Cost (¢/kWh)** (D)	**Power Purchase Variation ($)** (E) = (C x D)
January	12,532,676	12,391,320	141,356	0.0400	5,654
February	10,914,516	11,245,920	(331,404)	0.0400	(13,256)
March	12,990,760	12,395,040	595,720	0.0400	23,829
April	11,541,679	12,308,400	(766,721)	0.0400	(30,669)
May	12,116,699	12,636,840	(520,141)	0.0400	(20,806)
June	12,297,970	11,970,000	327,970	0.0400	13,119
July					
August					
September					
October					
November					
December					
Subtotal	**72,394,300**	**72,947,520**	**(553,220)**		**(22,129)**

Supply Cost Deferral Account
On-Island Purchases Variation
June 30, 2023

Rattle Brook	**Actual Production (kWh)** (A)	**Cost of Service Production (kWh)** (B)	**Monthly Production Variance (kWh)** (C) = (A - B)	**Cost of Service Cost (¢/kWh)** (D)	**Power Purchase Variation ($)** (E) = (C x D)
January	1,089,549	680,000	409,549	0.0851	34,858
February	445,844	470,000	(24,156)	0.0851	(2,056)
March	236,106	630,000	(393,894)	0.0851	(33,525)
April	1,456,139	1,600,000	(143,861)	0.0851	(12,244)
May	2,573,832	2,590,000	(16,168)	0.0851	(1,376)
June	2,381,006	1,630,000	751,006	0.0851	63,920
July					
August					
September					
October					
November					
December					
Subtotal	**8,182,476**	**7,600,000**	**582,476**		**49,577**

Supply Cost Deferral Account
On-Island Purchases Variation
June 30, 2023

CBPP Co-Generation	Actual Production (kWh) (A)	Cost of Service Production (kWh) (B)	Monthly Production Variance (kWh) (C) = (A - B)	Cost of Service Cost (¢/kWh) (D)	Power Purchase Variation ($) (E) = (C x D)
January	4,379,398	6,320,000	(1,940,602)	0.1884	(365,609)
February	3,742,962	4,980,000	(1,237,038)	0.1884	(233,058)
March	4,599,478	5,840,000	(1,240,522)	0.1884	(233,714)
April	3,835,008	5,550,000	(1,714,992)	0.1884	(323,104)
May	2,251,800	5,740,000	(3,488,200)	0.1884	(657,177)
June	3,350,879	6,070,000	(2,719,121)	0.1884	(512,282)
July					
August					
September					
October					
November					
December					
Subtotal	**22,159,525**	**34,500,000**	**(12,340,475)**		**(2,324,944)**

Supply Cost Deferral Account
On-Island Purchases Variation
June 30, 2023

St. Lawrence Wind	Actual Production (kWh) (A)	Cost of Service Production (kWh) (B)	Monthly Production Variance (kWh) (C) = (A - B)	Cost of Service Cost (¢/kWh) (D)	Power Purchase Variation ($) (E) = (C x D)
January	8,856,540	11,200,000	(2,343,460)	0.0722	(169,198)
February	8,422,046	11,200,000	(2,777,954)	0.0722	(200,568)
March	10,984,097	10,570,000	414,097	0.0722	29,898
April	10,840,404	9,420,000	1,420,404	0.0722	102,553
May	10,535,036	7,860,000	2,675,036	0.0722	193,138
June	7,962,303	6,070,000	1,892,303	0.0722	136,624
July					
August					
September					
October					
November					
December					
Subtotal	**57,600,426**	**56,320,000**	**1,280,426**		**92,447**

Supply Cost Deferral Account
On-Island Purchases Variation
June 30, 2023

Fermeuse Wind	Actual Production (kWh) (A)	Cost of Service Production (kWh) (B)	Monthly Production Variance (kWh) (C) = (A - B)	Cost of Service Cost (¢/kWh) (D)	Power Purchase Variation ($) (E) = (C x D)
January	7,480,823	9,020,000	(1,539,177)	0.0772	(118,778)
February	8,088,954	9,020,000	(931,046)	0.0772	(71,849)
March	9,580,893	8,510,000	1,070,893	0.0772	82,641
April	5,956,874	7,590,000	(1,633,126)	0.0772	(126,028)
May	7,711,394	6,330,000	1,381,394	0.0772	106,602
June	3,554,617	4,890,000	(1,335,383)	0.0772	(103,052)
July					
August					
September					
October					
November					
December					
Subtotal	**42,373,555**	**45,360,000**	**(2,986,445)**		**(230,464)**
Total					**(2,216,453)**

Indemnity Agreement
Fuel Costs Reimbursed by Nalcor[1]
June 30, 2023

	Actual Production No. 6 Fuel (kWh)	Actual Cost No. 6 Fuel[2] ($)	Actual Production Gas Turbine Fuel (kWh)	Actual Cost Gas Turbine Fuel[2] ($)	Actual Costs Reimbursed[2] ($)
January	1,096,000	103,753	755,000	256,255	360,008
February	12,448,000	2,642,586	8,845,000	3,499,893	6,142,479
March	3,964,000	843,301	224,000	122,690	965,991
April	49,000	10,201	-	-	10,201
May	80,000	16,317	31,000	12,196	28,513
June	-	-	1,130,000	603,175	603,175
July					
August					
September					
October					
November					
December					
	17,637,000	**3,616,159**	**10,985,000**	**4,494,207**	**8,110,366**

[1] In August 2021, 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.

[2] These costs have been eliminated as referenced on Holyrood TGS Fuel Cost Variance (p. 7) and Thermal Generation Cost Variance (Appendix A).

Tab 2

Contribution in Aid of Construction

Quarter Ended June 30, 2023

Table 1 summarizes the CIAC[1] activity for the current quarter. It also provides an overview of the following:

- The type of service for which a CIAC has been calculated, either domestic or general service;
- The number of CIACs quoted during the quarter, as well as the number of CIAC quotes that remain outstanding as of the end of the quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter; and
- Information as to the disposition of the total CIACs quoted. A CIAC is considered accepted when a customer indicates that it wishes to proceed with the construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered to expire after six months have elapsed and the customer has not indicated its intention to proceed with the extension. A quoted CIAC is outstanding if it is neither accepted nor expired.

Table 1: CIAC Report for the Current Quarter

Type of Service	CIACs Quoted	CIACs Outstanding from Last Quarter	Total CIACs Quoted	CIACs Accepted	CIACs Expired	CIACs Outstanding
Domestic						
Within Plan Boundary	0	1	1	0	0	1
Outside Plan Boundary	5	5	10	2	2	6
Subtotal	**5**	**6**	**11**	**2**	**2**	**7**
General Service	4	3	7	2	1	4
Total	**9**	**9**	**18**	**4**	**3**	**11**

[1] Includes residential, non-residential, and general service CIAC activities for northern, central, and Labrador regions.

The number of CIACs quoted during the current quarter by region is summarized in Table 2, which also identifies the following:

- The service location for the CIAC;
- The CIAC number related to the quote;
- The amount of the CIAC required to be paid by the customer;
- The estimated construction costs to provide the requested service; and
- Whether the CIAC has been accepted by the customer.

Table 2: CIAC Activity Report for the Current Quarter

Date Quoted	Service Location	CIAC Number	CIAC Amount ($)	Estimated Construction Costs ($)	Accepted
Domestic: Within Residential Planning Boundaries					
N/A	N/A	N/A	N/A	N/A	
Domestic: Outside Residential Planning Boundaries					
17-May-2023	L'Anse-au-Loup	1855994	4,940	6,165	Yes
19-May-2023	Labrador City	1591302	317,550	335,550	
30-May-2023	St. Anthony	1630331	4,703	5,928	
12-Jun-2023	St. Anthony	1643266	4,045	1,225	
19-Jun-2023	South Brook; Green Bay	1856106	2,150	3,375	
General Service					
11-Apr-2023	Hermitage	1656756	3,653	4,704	Yes
17-Apr-2023	Burlington	1633903	871	5,036	
20-Apr-2023	Burlington	1846657	895	5,060	
20-Apr-2023	Burlington	1846659	1,625	5,790	

Tab 3

Customer Damage Claims

Quarter Ended June 30, 2023

The Customer Damage Claims report contains a summary of all damage claims activity on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report provides an overview of the following:

- The number of claims received during the quarter coupled with claims outstanding from the last quarter;
- The number of claims for which Newfoundland and Labrador Hydro ("Hydro") has accepted responsibility and the amount paid to claimants versus the amount originally claimed;
- The number of claims rejected and the dollar value associated with those claims; and
- Those claims that remain outstanding at the end of the quarter and the dollar value associated with such claims.

Definitions of Causes of Damage Claims:

- **System Operations:** Claims arising from system operations (e.g., normal reclosing or switching).
- **Power Interruptions:** Claims arising from the interruption of power supply (e.g., all scheduled or unscheduled interruptions).
- **Improper Workmanship:** Claims arising from the failure of electrical equipment caused by improper workmanship or methods (e.g., improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, and inadequate clearance or improper operation of equipment).
- **Weather Related:** Claims arising from weather conditions (e.g., wind, rain, ice, lightning or corrosion caused by weather).
- **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship (e.g., broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire).
- **Third Party:** Claims arising from equipment failure caused by acts of third parties (e.g., motor vehicle accidents and vandalism).
- **Miscellaneous:** All claims that are not related to electrical service.
- **Waiting Investigation:** Cause to be determined.

Table 1: Customer Property Damage Claims Report by Region for the Current Quarter[1]

				Claims Accepted			Claims Rejected		Claims Outstanding	
Region	# Received	# Outstanding Since Last Quarter	Total	#	Amount Claimed ($)	Amount Paid ($)	#	Amount ($)	#	Amount ($)
Central	4	2	**6**	1	178	178	1	500	4	2,380
Northern	4	9	**13**	0	-	-	1	-	12	25,474
Labrador	3	5	**8**	2	12,413	9,026	3	1,830	3	5,013
Total	**11**	**16**	**27**	**3**	**12,591**	**9,204**	**5**	**2,330**	**19**	**32,868**

Table 2: Customer Property Damage Claims Report by Region for the Same Quarter, Previous Year[2]

				Claims Accepted			Claims Rejected		Claims Outstanding	
Region	# Received	# Outstanding Since Last Quarter	Total	#	Amount Claimed ($)	Amount Paid ($)	#	Amount ($)	#	Amount ($)
Central	5	4	**9**	1	347	347	1	2,652	7	7,819
Northern	4	4	**8**	0	-	-	3	6,970	5	14,966
Labrador	8	2	**10**	0	-	-	3	1,434	7	7,420
Total	**17**	**10**	**27**	**1**	**347**	**347**	**7**	**11,056**	**19**	**30,205**

[1] Numbers may not add due to rounding.
[2] Numbers may not add due to rounding.

Table 3: Customer Property Damage Claims Report by Cause for the Current Quarter[3]

				Claims Accepted			Claims Rejected		Claims Outstanding	
Cause	**# Received**	**# Outstanding Since Last Quarter**	**Total**	**#**	**Amount Claimed ($)**	**Amount Paid ($)**	**#**	**Amount ($)**	**#**	**Amount ($)**
System Operations	1	0	**1**	0	-	-	1	630	0	-
Power Interruptions	0	1	**1**	0	-	-	1	400	0	-
Improper Workmanship	0	4	**4**	0	-	-	0	-	4	2,111
Weather Related	2	2	**4**	0	-	-	3	1,300	2	4,987
Equipment Failure	1	5	**6**	2	12,413	9,026	0	-	6	15,495
Third Party	0	0	**0**	0	-	-	0	-	0	-
Miscellaneous	1	0	**1**	1	178	178	0	-	0	-
Awaiting Investigation	6	4	**10**	0	-	-	0	-	7	10,275
Total	**11**	**16**	**27**	**3**	**12,591**	**9,204**	**5**	**2,330**	**19**	**32,868**

Table 4: Customer Property Damage Claims Report by Cause for the Same Quarter, Previous Year[4]

				Claims Accepted			Claims Rejected		Claims Outstanding	
Cause	**# Received**	**# Outstanding Since Last Quarter**	**Total**	**#**	**Amount Claimed ($)**	**Amount Paid ($)**	**#**	**Amount ($)**	**#**	**Amount ($)**
System Operations	0	0	**0**	0	-	-	0	-	0	-
Power Interruptions	0	0	**0**	0	-	-	0	-	0	-
Improper Workmanship	4	3	**7**	0	-	-	0	-	8	20,316
Weather Related	7	5	**12**	0	-	-	6	11,056	6	5,619
Equipment Failure	4	0	**4**	1	347	347	1	-	2	1,780
Third Party	1	0	**1**	0	-	-	0	-	1	1,860
Miscellaneous	0	0	**0**	0	-	-	0	-	0	-
Awaiting Investigation	1	2	**3**	0	-	-	0	-	2	630
Total	**17**	**10**	**27**	**1**	**347**	**347**	**7**	**11,056**	**19**	**30,205**

[3] Numbers may not add due to rounding.
[4] Numbers may not add due to rounding.