

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.U. 21(2025)

1 **IN THE MATTER OF** the **Electrical Power**
2 **Control Act, 1994**, SNL 1994, Chapter E-5.1
3 (the “**EPCA**”) and the **Public Utilities Act**,
4 RSNL 1990, Chapter P-47 (the “**Act**”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an Application by
8 Newfoundland and Labrador Hydro for the
9 disposition of balances within the Hydraulic
10 Resources Optimization Deferral Account,
11 pursuant to sections 70 and 80 of the **Act**.
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13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
15 under the **Hydro Corporation Act, 2024**, SNL 2024, Chapter H-18, is a public utility within the
16 meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and
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18 **WHEREAS** in Order No. P.U. 49(2018), the Board approved the Pilot Agreement for the
19 Optimization of Hydraulic Resources as well as the definition of the Hydraulic Resources
20 Optimization Deferral Account (“HRO Deferral Account”), which together provide for Hydro to
21 track and hold net gains from its ponding and spill activities; and
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23 **WHEREAS** on March 3, 2025, Hydro filed an application for approval of the disposition of the
24 balance accumulated in the HRO Deferral Account from 2018 to 2023 (the “Application”); and
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26 **WHEREAS** the Application proposed to transfer the credit balance at December 31, 2023 of
27 \$5,711,673 owing to customers to the Net Revenue from Exports component within the Supply
28 Cost Variance Deferral Account (“SCVDA”), which would reduce the overall balance owing in the
29 SCVDA; and
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31 **WHEREAS** the Application noted that transactions related to ponding and spilling activities in
32 2024 are not finalized and balances accumulated after December 31, 2023 will continue to be
33 held in the HRO Deferral Account; and
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35 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
36 the Consumer Advocate, Mr. Dennis Browne, KC; a group of Island Industrial Customers: Corner

1 Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale
2 Newfoundland and Labrador Limited (the “Island Industrial Customer Group”); the communities
3 of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City; Teck Resources Limited; and
4 Linde Canada Inc.; and

5

6 **WHEREAS** the Board and Newfoundland Power issued requests for information which Hydro
7 responded to on March 24, 2025; and

8

9 **WHEREAS** on March 27, 2025, Newfoundland Power filed comments on the Application; and

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11 **WHEREAS** Newfoundland Power noted that an estimated \$5.3 million of the December 31, 2023
12 balance in the HRO Deferral Account is owing to Newfoundland Power’s customers and that as of
13 December 31, 2024, there is an additional \$22.6 million balance owing to customers in Hydro’s
14 Rural Rate Alteration deferral account, for a total credit balance of \$27.9 million owing to
15 Newfoundland Power’s customers from Hydro; and

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17 **WHEREAS** Newfoundland Power submitted that the Board could consider directing Hydro to
18 transfer the credit balance of \$27.9 million owing to its customers to its Rate Stabilization Account
19 (“RSA”) to partially offset the \$47.4 million RSA balance owing from its customers related to
20 power supply costs paid to Hydro; and

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22 **WHEREAS** on March 31, 2025, the Island Industrial Customer Group filed comments on the
23 Application; and

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25 **WHEREAS** the Island Industrial Customer Group submitted that it would be fair and reasonable
26 that it receives the timely benefit of the credit balance and that inter-customer class and
27 intergeneration fairness could be addressed by a one-time credit of the Island Industrial Customer
28 Group’s allocation of the HRO Deferral Account balance concurrent with the transfer requested
29 by Newfoundland Power; and

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31 **WHEREAS** no comments were received from the Consumer Advocate or the other parties; and

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33 **WHEREAS** on April 4, 2025, Hydro filed its reply and stated that the Application is specifically to
34 address the disposition of the balance of the HRO Deferral Account; and

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36 **WHEREAS** Hydro submitted that it is appropriate to transfer the balance to the SCVDA given other
37 balances owed from customers, as well as limits to rate increases to both Newfoundland Power
38 and the Island Industrial Customer Group as a result of the Rate Mitigation Plan; and

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40 **WHEREAS** Hydro also stated that the Application does not include any proposal, evidence or
41 process, surrounding the balance and disposition of the various components of the SCVDA and
42 that these issues are best addressed in a future application after its next general rate application;
43 and

1 **WHEREAS** the Application stated that the availability of Maritime Link and the Labrador-Island
2 Link provides the opportunity for the ponding and spill activities to create additional value and
3 generate additional revenue for the benefit of customers; and
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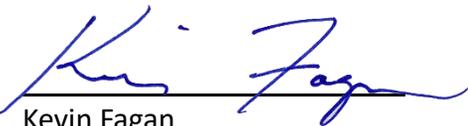
5 **WHEREAS** the Board notes that since the availability of Maritime Link and the Labrador-Island
6 Link provides the opportunity for import and export benefits through ponding and spill avoidance
7 activities, the Board is satisfied that it is appropriate to transfer the benefits of the credit balance
8 accumulated in the HRO Deferral Account as of December 31, 2023 to the Net Revenue from
9 Exports component of the SCVDA; and
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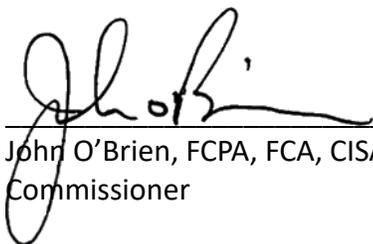
11 **WHEREAS** the Board agrees that the Application does not include any proposal, evidence or
12 process, surrounding the balance and disposition of the various components of the SCVDA and
13 that these issues are best addressed in a future application.
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16 **IT IS THEREFORE ORDERED THAT:**
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- 18 1. The transfer of the \$5,711,673 credit balance, as of December 31, 2023, in the Hydraulic
19 Resources Optimization Deferral Account to the Net Revenue from Exports component within
20 the Supply Cost Variance Deferral Account, is approved.
- 21 2. Hydro shall pay all expenses arising from this Application.
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DATED at St. John's, Newfoundland and Labrador, this 12th day of June 2025.


 Kevin Fagan
 Chair and Chief Executive Officer


 John O'Brien, FCPA, FCA, CISA
 Commissioner


 Jo-Anne Galarneau
 Executive Director and Board Secretary