

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

AN ORDER OF THE BOARD

NO. P.U. 3(2026)

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

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for approval of Island Industrial Customer Rates to: (i) dispose of the Rate Stabilization Plan balance as of December 31, 2025; (ii) discontinue the Rate Stabilization Plan Current Plan Adjustment; and (iii) update the Project Cost Recovery Rider.

WHEREAS Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing under the **Hydro Corporation Act, 2024**, is a public utility within the meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and

WHEREAS Hydro’s Island Industrial Customer rates are adjusted on January 1 each year to update the Rate Stabilization Plan (“RSP”) Current Plan Adjustment pursuant to the RSP Rules for Balance Disposition approved in Order No. P.U. 4(2022); and

WHEREAS in Order No. P.U. 4(2024), the Board approved the implementation of a Project Cost Recovery Rider for the Island Industrial customers to begin recovery of the Muskrat Falls Project costs; and

WHEREAS on January 19, 2026 Hydro filed an application (the “Application”) for approval of:

- (i) the transfer of the remaining RSP Island Industrial Customers balance as at December 31, 2025 of (\$51,816) to the Supply Cost Variance Deferral Account - Industrial Customers Balance;
- (ii) the discontinuance of the RSP Current Plan Adjustment for Island Industrial customers as of January 1, 2026;

- (iii) the revision of the Project Cost Recovery Rider to 1.745 cents per kWh for Island Industrial customers effective January 1, 2026;
(iv) the Industrial-Firm Rate Sheet effective January 1, 2026; and
(v) the revised Rate Stabilization Plan Rules for Balance Disposition; and

WHEREAS the RSP Current Plan Adjustment was created and adjusted each year to collect the RSP balance related to the Island Industrial customers; and

WHEREAS the RSP Current Plan Adjustment approved in Order No. P.U. 7(2025), which was effective January 1, 2025 to collect the December 31, 2024 balances, finalizes the activity in the RSP related to Island Industrial Customers; and

WHEREAS the Application proposes the discontinuance of the RSP Current Plan Adjustment of 0.093 cents per kWh to reflect the finalization of the Island Industrial Customer activity and that the remaining RSP Island Industrial Customers balance of (\$51,816) be transferred to the Supply Cost Variance Deferral Account - Industrial Customers Balance; and

WHEREAS the Application proposes to increase the current Project Cost Recovery Rider of 1.652 cents per kWh to 1.745 cents per kWh effective January 1, 2026, which would allow Hydro to maintain overall customer billings at the rate approved in Order No. P.U. 28(2025); and

WHEREAS Hydro will propose any further adjustments to the Project Cost Recovery Rider for Island Industrial Customers with its application for updates to the Island Industrial Customer Conservation and Demand Management Recovery Adjustment, effective July 1 of each year; and

WHEREAS the Application was copied to: Newfoundland Power Inc. ("Newfoundland Power"); the Consumer Advocate, Dennis Browne, KC; a group of Island Industrial customers: Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale Newfoundland and Labrador Limited; Linde Canada Inc.; and Teck Resources Limited; and

WHEREAS on January 23, 2026 Newfoundland Power advised the Board that they did not have any comment and no other comments were received by the Board; and

WHEREAS on January 27, 2026 Hydro filed its reply requesting that the Board approve the Application; and

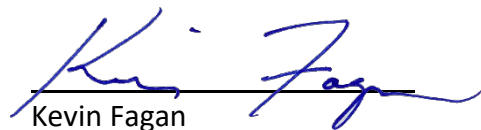
WHEREAS the Board is satisfied that the transfer of the residual balance of the RSP Island Industrial Customers balance as at December 31, 2025 of (\$51,816) to the Supply Cost Variance Deferral Account - Industrial Customers Balance is appropriate and should be approved; and

WHEREAS the Board is satisfied that the revised Project Cost Recovery Rider for Island Industrial customers of 1.745 cents per kWh is appropriate and should be approved.

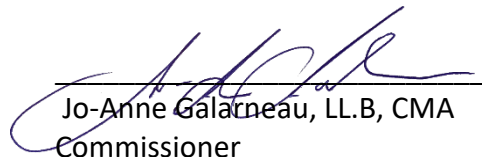
IT IS THEREFORE ORDERED THAT:

1. The transfer of the RSP Island Industrial Customers balance as at December 31, 2025 of (\$51,816) to the Supply Cost Variance Deferral Account - Industrial Customers Balance is approved.
2. The discontinuance of the RSP Current Plan Adjustment for Island Industrial customers effective as of January 1, 2026 is approved.
3. A revised Project Cost Recovery Rider of 1.745 cents per kWh for Island Industrial customers is approved.
4. The Island Industrial customer rates as set out in Schedule A of this Order, to be effective on all electrical consumption on and after January 1, 2026, are approved.
5. The revised Rate Stabilization Plan Rules for Balance Disposition, attached as Schedule B of this Application is approved.
6. Hydro shall pay all expenses of the Board arising from the Application.

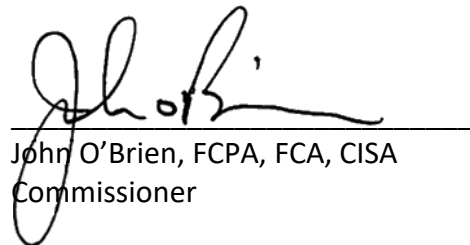
DATED at St. John's, Newfoundland and Labrador this 3rd day of February 2026.



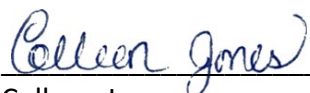
Kevin Fagan
Chair and Chief Executive Officer



Jo-Anne Galarneau, LL.B, CMA
Commissioner



John O'Brien, FCPA, FCA, CISA
Commissioner



Colleen Jones
Assistant Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
INDUSTRIAL – FIRM

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Base Rate*

Demand Charge

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.73 per kilowatt (kW) per month of billing demand.

Firm Energy Charge

Base Rate.....	@ 4.428¢ per kWh
Project Cost Recovery Rider.....	@ 1.745¢ per kWh
CDM Cost Recovery Adjustment.....	@ 0.006¢ per kWh

**NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
INDUSTRIAL – FIRM**

Specifically Assigned Charges

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	\$13,311
Braya Renewable Fuels (Newfoundland) GP Inc.	\$107,678
Teck Resources Limited	\$51,789
Vale	\$145,352

***Subject to Project Cost Recovery Rider and CDM Cost Recovery Adjustment**

Project Cost Recovery Rider recovers Muskrat Falls Project costs.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a ten-year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

**NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
INDUSTRIAL – NON-FIRM**

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate

Non-Firm Energy Charge: Non-Thermal Generation Source (¢ per kWh)

Hydro will inform the Customer of the Non-firm energy charge on the first business day following the 21st day of the month preceding the month for which the rate is being set.

Energy charges shall be the greater of:

- (i) The energy charge applicable to Rate No. 2.4L – General Service 1,000 KVA and Over provided in Hydro's Schedule of Rates, Rules and Regulations; and
- (ii) The applicable On-Peak Energy Rate or Off-Peak Energy Rate

The following formula shall apply to calculate the On-Peak Energy Rate and Off-Peak Energy Rate:

On-Peak Energy Rate:

The non-firm energy charge for the on-peak period for the calendar month shall be calculated monthly based on the weighted average of:

- (iii) the settlement price for NYISO Zone A Day-Ahead Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees; and
- (iv) the settlement price for ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees.

**NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
INDUSTRIAL – NON-FIRM**

Off-Peak Energy Rate:

The non-firm energy charge for the off-peak period for the calendar month shall be calculated monthly based on the weighted average of:

- (v) the settlement price for NYISO Zone A Day-Ahead Off-Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees; and
- (vi) the settlement price for ISO New England Mass Hub Day-Ahead Off-Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees.

The weightings applied to each market price to calculate the on-peak and off-peak energy charges will reflect the percentage of kWh exports sold (i.e., including exports from regulated and non-regulated Hydro) based on each market for the previous calendar month.

Peak and Off-Peak Periods

The winter on-peak period is 7 am to 10 pm, Monday to Friday, for the months of December to March and the non-winter peak period is 8 am to 10 pm, Monday to Friday, for the period April to November. The off-peak period will include all other hours.

Non-Firm Energy Charge: Thermal Generation Source (¢ per kWh)

The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 \div (1 - C))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

**NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
INDUSTRIAL – NON-FIRM**

The energy sources and associated conversion factors are:

- 1)** Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
- 2)** Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
- 3)** Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl

Adjustment for Losses for Thermal Generation Source

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
INDUSTRIAL – WHEELING

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate

Energy Charge

All kWh (net of losses)*@ 0.831¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

**NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN RULES FOR BALANCE DISPOSITION**

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 used 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 following rules provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board.

Section A: Hydraulic Production Variation Balance Disposition

1. Financing

Each month, financing charges, using Hydro's approved test year weighted average cost of capital, will be calculated on the balance.

2. Hydraulic Variation Customer Assignment

Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

E = Hydraulic Variation Account Balance as of October 31, 2021, excluding financing charges;
and

F = Financing charges accumulated to December 31 for each year.

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

**NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN RULES FOR BALANCE DISPOSITION**

3. Customer Allocation

The annual customer assignment will be allocated among the Island Interconnected customer groups of (i) Newfoundland Power, (ii) Island Industrial Firm, and (iii) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh up to October 31, 2021 for Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment, which is initially allocated to Rural Island Interconnected, will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion to which the Rural Deficit was allocated in the approved test year cost of service study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances, respectively, as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration

1. Customer Allocation: Load and Fuel Activity Historical Balance

The year-to-date total for fuel price variation as of October 31, 2021 and the year-to-date total for the load variation as of October 31, 2021 will be allocated among the Island Interconnected customer groups of (i) Newfoundland Power, (ii) Island Industrial Firm, and (iii) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh as of October 31, 2021 for Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation as of October 31, 2021 and the year-to-date portion of the load variation as of October 31, 2021, which is initially allocated to Rural Island Interconnected, will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved test year cost of service study.

The amount allocated to regulated Labrador Interconnected customers will be removed from the plan and written off to Hydro's net income (loss).

**NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN RULES FOR BALANCE DISPOSITION**

2. Customer Allocation: Rural Rate Alteration Activity Historical Balance

The rural rate alteration as of October 31, 2021 will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion to which the Rural Deficit was allocated in the approved test year cost of service study. The portion allocated to regulated Labrador Interconnected will be removed from the plan and written off to Hydro's net income (loss).

3. Plan Balances

Separate plan balances for Newfoundland Power and the Island Industrial customer class will be maintained. The RSP balances shall be adjusted by other amounts as ordered by the Board. Financing charges on the plan balances will be calculated monthly using Hydro's approved test year weighted average cost of capital.

Section C: Adjustment

1. Newfoundland Power

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh that is projected to collect:

Newfoundland Power March 31 Balance

Less projected recovery/repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year;

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year);

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.