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May 25, 2023

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

Attention: Cheryl Blundon
Director of Corporate Services and Board Secretary

Re: Supply Cost Variance Deferral Account Monthly Report

Further to correspondence from the Board of Commissioners of Public Utilities accompanying Board Order No. P.U. 4(2022),¹ please find enclosed Newfoundland and Labrador Hydro's ("Hydro") report on the activity and balance of the Supply Cost Variance Deferral Account to the end of April 2023.

The balance as of the end of April 2023 reflects payments by Hydro under the Transmission Funding Agreement, made as a result of the commissioning of the Labrador-Island Link on April 14, 2023.²

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
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Encl.

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

² "Reliability and Resource Adequacy Study Review – Labrador-Island Link Update," Newfoundland and Labrador Hydro, April 18, 2023.

Supply Cost Variance Deferral Account Report (Unaudited)

April 2023

May 25, 2023

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
 Summary
 April 30, 2023**

	Supply Cost Variance Deferral Account Balance (\$)¹ (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	196,185,156	(5,784,457)	-	190,400,699
Adjustment	-	-	-	-
Adjusted Opening Balance	196,185,156	(5,784,457)	-	190,400,699
January	207,618,980	(6,387,985)	-	201,230,995
February	192,419,865	(7,469,300)	-	184,950,565
March	20,004,161	(8,219,619)	-	11,784,542
April	55,371,537	(8,619,770)	-	46,751,767
May				
June				
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.

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

Supply Cost Variance Deferral Account
Section A - Summary
April 30, 2023

	Project Cost Recovery Rider		Load Variation		Financing Charges		Cumulative Net Balance (\$)									
	Muskrat Falls Project Cost Variance ¹ (\$)	Rate Mitigation Fund ² (\$)	Utility ³ (\$)	Industrial (\$)	Greenhouse Gas Credit Revenue Variance (\$)	Subtotal Monthly Variances (\$)		Utility (\$)	Other (\$)	Transfers (\$)						
Opening Balance	277,547,131	-	(18,942,087)	-	(65,302,273)	(28,114,785)	(33,075,710)	(10,113,160)	(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)	(133,641)	4,886,665	-	196,185,156				
January	19,795,154	-	(5,134,003)	-	(16,202,730)	(812,794)	(499,872)	(862,075)	(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)	(85,004)	818,029	-	192,419,865				
March	20,390,107	(190,404,321)	(5,338,713)	-	11,619,333	(5,025,833)	(343,485)	(1,107,140)	(104,321)	783,684	-	20,004,161				
April	40,844,451	-	(4,335,837)	-	2,997,566	(951,082)	(146,610)	(1,534,710)	(123,170)	193,797	-	55,371,537				
May	-	-	-	-	-	-	-	-	-	-	-	-				
June	-	-	-	-	-	-	-	-	-	-	-	-				
July	-	-	-	-	-	-	-	-	-	-	-	-				
August	-	-	-	-	-	-	-	-	-	-	-	-				
September	-	-	-	-	-	-	-	-	-	-	-	-				
October	-	-	-	-	-	-	-	-	-	-	-	-				
November	-	-	-	-	-	-	-	-	-	-	-	-				
December	-	-	-	-	-	-	-	-	-	-	-	-				
Year-to-Date	100,430,155	(190,404,321.00)	(20,279,818)	-	(19,350,914)	(11,422,405)	(1,375,742)	(4,683,363)	(677,651)	5,006,875	(232,107)	(142,989,291)	(379,377)	2,555,044	-	(140,813,619)
Total	377,977,286	(190,404,321)	(39,221,905)	-	(84,653,187)	(39,537,190)	(34,451,452)	(14,796,523)	62,872,994	23,301,763	(12,644,624)	48,442,841	(513,013)	7,441,709	-	55,371,537

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 for the period of April 15-30, 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 Order No. P.U. 19(2022), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 0.798 cents per kWh that became effective as of July 1, 2022.

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

⁵ In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited LIL capacity, meant Newfoundland and Labrador Hydro ("Hydro") would not be delivered as much energy from the Muskrat Falls Hydroelectric Generating Facility as it would otherwise. Nalcor committed to indemnify Hydro for any damages suffered as a result of this reduction in deliveries including compensating Hydro for incremental costs of fuel and/or imports over the Maritime Link. The 2023 balances reflect adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries. In March and April, Hydro received updated estimates for January to March which were retroactively updated.

⁶ Island Interconnected System ("IIS").

⁷ Exports for March reflect an adjustment made to the final monetization relating to 2022.

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

	Allocation	Financing	Transfers	Cumulative
	Rural Rate	Charges		Net
	Alteration¹			Balance
	(\$)	(\$)	(\$)	(\$)
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				
June				
July				
August				
September				
October				
November				
December				
Year-to-Date	(2,736,945)	(98,368)	-	(2,835,313)
Total	(8,362,733)	(257,037)	-	(8,619,770)

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 Balance¹
April 30, 2023

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

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