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September 25, 2024

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Supply Cost Variance Deferral Account Monthly Report

Further to correspondence from the Board of Commissioners of Public Utilities ("Board") accompanying Board Order No. P.U. 4(2022), 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 August 2024.

As per the Board's request, Hydro continues to submit its monthly update while the Board considers Hydro's previous proposal to discontinue the monthly update in the interest of regulatory efficiency.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/rr

Encl.

ecc:

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Supply Cost Variance Deferral Account Report (Unaudited)

August 2024

September 25, 2024

A report to the Board of Commissioners of Public Utilities



Supply Cost Variance Deferral Account
Summary
August 31, 2024

	Supply Cost Variance Deferral Account Balance (\$) (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	283,716,067	(12,444,308)	-	271,271,759
Adjustment	-	-	-	-
Adjusted Opening Balance	283,716,067	(12,444,308)	-	271,271,759
January	312,104,403	(13,625,254)	-	298,479,149
February	342,262,573	(14,578,410)	-	327,684,163
March	398,249,665	(15,412,310)	-	382,837,355
April	459,363,624	(16,162,803)	-	443,200,821
May	514,047,548	(17,010,097)	-	497,037,451
June	473,583,285	(17,510,869)	-	456,072,416
July	534,079,642	(17,854,603)	-	516,225,039
August	440,090,431	(18,531,573)	-	421,558,858
September				
October				
November				
December				

Supply Cost Variance Deferral Account Report for August 2024 (Unaudited)

Supply Cost Variance Deferral Account
Section A - Summary
August 31, 2024

	Muskat Falls Project Cost		Rate Mitigation Fund ^{1,2}		Project Cost Recovery Rider		Holyhood TGS ⁵			Other IIS ⁷ Supply Cost Variance ⁶		Net Revenue From Exports Variance		Transmission Tariff Revenue Variance		Load Variation			Greenhouse Gas Credit Revenue Variance			Subtotal Monthly Variances			Financing Charges			Cumulative Net Balance (\$)			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		(\$)	(\$)	(\$)
Opening Balance Adjustment	855,037,017	(335,104,321)	-	-	(65,690,947)	-	(114,193,068)	(48,568,155)	(48,570,916)	(26,781,096)	53,096,149	36,415,696	(35,494,446)	270,145,913	(2,474,924)	-	16,045,078	-	-	-	-	-	283,716,067	-	-	-	-	-	-	-	283,716,067
Adjusted Opening Balance	855,037,017	(335,104,321)	-	-	(65,690,947)	-	(114,193,068)	(48,568,155)	(48,570,916)	(26,781,096)	53,096,149	36,415,696	(35,494,446)	270,145,913	(2,474,924)	-	16,045,078	-	-	-	-	283,716,067	-	-	-	-	-	-	-	283,716,067	
January	60,516,084	-	(5,919,516)	(302,776)	(5,919,516)	(302,776)	(22,011,159)	264,112	(446,394)	(1,498,023)	(4,794,456)	1,279,854	(17,559)	27,070,167	(305,206)	-	1,623,375	-	-	-	312,104,403	-	-	-	-	-	-	-	-	312,104,403	
February	60,093,165	-	(5,193,050)	(330,240)	(5,193,050)	(330,240)	(20,917,636)	(3,525,372)	(407,397)	(1,498,023)	(410,190)	925,931	(29,082)	28,708,106	(332,708)	-	1,784,179	-	-	-	342,262,573	-	-	-	-	-	-	-	-	342,262,573	
March ⁹	61,108,742	-	(4,865,806)	(321,551)	(4,865,806)	(321,551)	863,536	(7,862,356)	(558,056)	(1,498,023)	6,584,788	1,199,512	(253,875)	54,396,911	(356,836)	(2,941)	1,949,958	-	-	-	398,249,665	-	-	-	-	-	-	-	-	398,249,665	
April	60,246,161	-	(4,120,230)	(149,332)	(4,120,230)	(149,332)	2,406,427	(1,237,916)	(430,715)	(1,498,023)	2,067,265	1,978,579	1,441	59,263,657	(379,443)	(4,435)	2,234,180	-	-	-	459,363,624	-	-	-	-	-	-	-	-	459,363,624	
May	59,780,821	-	(3,530,077)	(248,519)	(3,530,077)	(248,519)	2,252,471	(1,651,819)	(350,006)	(1,498,023)	(3,753,884)	1,550,406	(1,688)	52,549,682	(398,586)	(5,129)	2,537,957	-	-	-	514,047,548	-	-	-	-	-	-	-	-	514,047,548	
June	49,022,047	-	(2,498,638)	(395,759)	(2,498,638)	(395,759)	(2,883,308)	(980,286)	(1,81,385)	(1,498,023)	5,828,685	723,206	10,889	(42,852,572)	(414,987)	(6,283)	2,809,579	-	-	-	473,583,285	-	-	-	-	-	-	-	-	473,583,285	
July	61,557,803	-	(2,407,637)	(409,504)	(2,407,637)	(409,504)	120,315	(746,360)	(130,886)	(1,498,023)	1,124,617	721,084	(35,560)	58,296,049	(426,595)	(8,122)	2,635,025	-	-	-	534,079,642	-	-	-	-	-	-	-	-	534,079,642	
August	57,372,009	-	(3,442,297)	(342,362)	(3,442,297)	(342,362)	(211,467)	2,100,276	(140,467)	(1,498,023)	(1,045,243)	1,064,746	1,351	(96,470,590)	(437,782)	(10,025)	2,929,186	-	-	-	440,090,431	-	-	-	-	-	-	-	-	440,090,431	
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Year-to-Date	469,696,832	(240,329,113)	(31,977,251)	(2,500,043)	(31,977,251)	(2,500,043)	(40,380,821)	(13,639,721)	(2,645,106)	(11,984,184)	5,601,582	9,443,318	(324,083)	140,961,410	(3,052,143)	(38,342)	18,503,439	-	-	-	156,374,364	-	-	-	-	-	-	-	-	156,374,364	
Total	1,324,733,849	(575,433,434)	(97,668,198)	(2,500,043)	(97,668,198)	(2,500,043)	(154,573,889)	(62,207,876)	(51,216,022)	(38,765,280)	58,697,731	45,859,014	(35,818,529)	411,107,323	(5,527,067)	(38,342)	34,548,517	-	-	-	440,090,431	-	-	-	-	-	-	-	-	440,090,431	

¹ As per Order in Council OC2024-062 dated May 7, 2024, Newfoundland and Labrador Hydro ("Hydro") has been directed by the Government of Newfoundland and Labrador ("Government") to retire the 2023 Supply Cost Variance Deferral Account balance of \$271.3 million over the 2024 to 2026 period using its own sources of funding. In June 2024, the Government provided further direction for Nalcor Energy to transfer \$90.0 million of rate mitigation funding to Hydro, for the purpose of offsetting a portion of the 2023 Supply Cost Variance Deferral Account balance.

² In 2022, as part of the Government's rate mitigation plan, Hydro, the Government and the Government of Canada signed term sheets enabling access, upon commissioning of the LL, to a \$1.0 billion investment by the Government of Canada in the LL in the form of a convertible debenture. In August 2024, \$150.3 million was received by L.L. (2021) Limited Partnership, and the funds were transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

³ As per Order No. P.U. 15(2024), the Board approved a Project Cost Recovery Rider effective August 1, 2024 of 1.124 cents per kWh.

⁴ As per Order No. P.U. 4(2024), the Board of Commissioners of Public Utilities approved a Project Cost Recovery Rider of 0.888 cents per kWh that became effective as of January 1, 2024.

⁵ Holyhood Thermal Generating Station ("Holyhood TGS").

⁶ In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited Labrador-Island Link 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 2024 balances reflect adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries. The balances in this report reflect the true-up of initial estimates made throughout the period.

⁷ Island Interconnected System ("IIS").

⁸ Any adjustments to any component in the Supply Cost Variance Deferral Account that results in a change to the Subtotal Monthly Variances will result in a corresponding adjustment to financing charges.

⁹ In March 2024, the actual settlement value for net export sales for 2023 was finalised. The settlement did not change the revenue that was accrued in December 2023; therefore, no true-up was required.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
August 31, 2024

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$)
Opening Balance	(11,788,153)	(656,155)	-	(12,444,308)
Adjustments	-	-	-	-
Adjusted Opening Balance	(11,788,153)	(656,155)	-	(12,444,308)
January	(1,123,129)	(57,817)	-	(13,625,254)
February	(889,852)	(63,304)	-	(14,578,410)
March	(766,167)	(67,733)	-	(15,412,310)
April	(678,886)	(71,607)	-	(16,162,803)
May	(772,200)	(75,094)	-	(17,010,097)
June	(421,742)	(79,030)	-	(17,510,869)
July	(262,377)	(81,357)	-	(17,854,603)
August	(594,016)	(82,954)	-	(18,531,573)
September			-	
October			-	
November			-	
December			-	
Year-to-Date	(5,508,369)	(578,896)	-	(6,087,265)
Total	(17,296,522)	(1,235,051)	-	(18,531,573)

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).

The only transactions posted to the Utility's Customer Balance are Newfoundland Power's allocation of Rural Rate Alteration and associated interest until further approval is obtained from the Board.

Supply Cost Variance Deferral Account
Section B: Industrial Customers Balance¹
August 31, 2024

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

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