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January 26, 2026

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

Attention: Colleen Jones  
Assistant 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), please find enclosed Newfoundland and Labrador Hydro's report on the activity and balance of the Supply Cost Variance Deferral Account to the end of December 2025.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

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

Encl.

ecc:

**Board of Commissioners of Public Utilities**  
Jacqui H. Glynn  
Ryan Oake  
Board General

**Labrador Interconnected Group**  
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**Island Industrial Customer Group**  
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**Newfoundland Power Inc.**  
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**Iron Ore Company of Canada**  
Gregory A.C. Moores, Stewart McKelvey

**Teck Resources Limited**  
Darren Hennessey

# Supply Cost Variance Deferral Account Report (Unaudited)

December 2025

January 26, 2026

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account  
Summary  
December 31, 2025**

|                                 | <b>Supply Cost<br/>Variance Deferral<br/>Account Balance<sup>1</sup><br/>(\$)<br/>(from page 2)</b> | <b>Utility<br/>Balance<sup>1</sup><br/>(\$)<br/>(from page 3)</b> | <b>Industrial<br/>Balance<br/>(\$)<br/>(from page 4)</b> | <b>Total<br/>to Date<br/>(\$)</b> |
|---------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| Opening Balance                 | 554,338,269                                                                                         | (22,623,806)                                                      | -                                                        | 531,714,463                       |
| Adjustment                      | -                                                                                                   | -                                                                 | -                                                        | -                                 |
| <b>Adjusted Opening Balance</b> | <b>554,338,269</b>                                                                                  | <b>(22,623,806)</b>                                               | <b>-</b>                                                 | <b>531,714,463</b>                |
| January                         | 588,411,644                                                                                         | (24,241,266)                                                      | -                                                        | 564,170,378                       |
| February                        | 180,289,526                                                                                         | (26,140,997)                                                      | -                                                        | 154,148,529                       |
| March                           | 264,428,192                                                                                         | (27,778,636)                                                      | -                                                        | 236,649,556                       |
| April                           | 322,917,903                                                                                         | (29,382,460)                                                      | -                                                        | 293,535,443                       |
| May                             | 365,616,143                                                                                         | (30,750,936)                                                      | -                                                        | 334,865,207                       |
| June                            | 418,674,576                                                                                         | (31,599,806)                                                      | -                                                        | 387,074,770                       |
| July                            | 476,614,986                                                                                         | (32,726,595)                                                      | -                                                        | 443,888,391                       |
| August                          | 377,412,977                                                                                         | (33,786,603)                                                      | -                                                        | 343,626,374                       |
| September                       | 434,824,943                                                                                         | (34,861,370)                                                      | -                                                        | 399,963,573                       |
| October                         | 476,213,525                                                                                         | (36,179,161)                                                      | -                                                        | 440,034,364                       |
| November                        | 518,308,228                                                                                         | (37,997,838)                                                      | -                                                        | 480,310,390                       |
| December                        | 390,740,090                                                                                         | (40,366,584)                                                      | -                                                        | 350,373,506                       |

<sup>1</sup> Financing charges accrued at the 2024 short-term cost of borrowing of 5.03% for the period of January to November 2025. In December, the interest expense was true-up for the year based on the short-term interest rate for 2025 of 3.35%. A detailed calculation of the short-term interest rate will be included in the Quarterly Regulatory Report for the quarter ended December 31, 2025.

Supply Cost Variance Deferral Account Report for December 2026 (Unaudited)

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Supply Cost Variance Deferral Account

Section A: Summary

December 31, 2025

|                          | Project Cost Recovery Rider             |                                          |                           | Load Variation               |                                                    |                                                 | Financing Charges <sup>1</sup>                        |                                           |                            |                 |            | Cumulative Net Balance (\$)<br>(to page 1) |
|--------------------------|-----------------------------------------|------------------------------------------|---------------------------|------------------------------|----------------------------------------------------|-------------------------------------------------|-------------------------------------------------------|-------------------------------------------|----------------------------|-----------------|------------|--------------------------------------------|
|                          | Muskat Falls Project Cost Variance (\$) | Rate Mitigation Fund <sup>2,3</sup> (\$) | Utility <sup>4</sup> (\$) | Industrial <sup>5</sup> (\$) | Hollyrood TGS <sup>6</sup> Fuel Cost Variance (\$) | Other IS <sup>7</sup> Supply Cost Variance (\$) | Net Revenue From Exports Variance <sup>8,9</sup> (\$) | Transmission Tariff Revenue Variance (\$) | Utility <sup>10</sup> (\$) | Industrial (\$) | Other (\$) |                                            |
| Opening Balance          | 1,565,667,129                           | (575,433,434)                            | (118,120,018)             | (3,949,867)                  | (169,459,883)                                      | (74,168,156)                                    | (125,975,029)                                         | (44,759,484)                              | 71,094,076                 | 49,633,069      | (83,286)   | 554,338,269                                |
| Adjustment               |                                         |                                          |                           |                              |                                                    |                                                 |                                                       |                                           |                            |                 |            |                                            |
| Adjusted Opening Balance | 1,565,667,129                           | (575,433,434)                            | (118,120,018)             | (3,949,867)                  | (169,459,883)                                      | (74,168,156)                                    | (125,975,029)                                         | (44,759,484)                              | 71,094,076                 | 49,633,069      | (83,286)   | 554,338,269                                |
| January                  | 63,252,043                              | -                                        | (7,630,010)               | (541,038)                    | (22,981,814)                                       | (2,129,352)                                     | (450,605)                                             | (1,498,023)                               | 3,546,897                  | 1,058,632       | (324,794)  | 588,411,644                                |
| February                 | 63,572,270                              | (441,000,000)                            | (7,843,481)               | (410,521)                    | (15,854,148)                                       | (2,835,601)                                     | (346,785)                                             | (1,498,127)                               | (4,782,917)                | 1,259,237       | (12,349)   | 180,289,526                                |
| March                    | 88,848,280                              | -                                        | (6,828,712)               | (544,039)                    | 4,902,645                                          | (5,435,736)                                     | (409,673)                                             | (1,498,023)                               | 3,730,178                  | 1,062,312       | (367,342)  | 264,428,192                                |
| April                    | 63,377,303                              | -                                        | (6,060,778)               | (424,524)                    | 2,244,723                                          | (558,482)                                       | (295,801)                                             | (1,498,023)                               | (386,216)                  | 1,364,987       | (386,119)  | 322,917,903                                |
| May                      | 56,707,440                              | -                                        | (5,176,142)               | (560,378)                    | (5,970,598)                                        | (1,017,946)                                     | (343,726)                                             | (1,498,023)                               | (1,301,717)                | 996,754         | (402,784)  | 365,616,143                                |
| June                     | 65,911,307                              | -                                        | (3,538,042)               | (532,034)                    | (3,120,731)                                        | (1,165,181)                                     | (6,015,721)                                           | (1,498,023)                               | 1,020,541                  | 994,450         | (417,017)  | 418,674,576                                |
| July                     | 64,693,800                              | -                                        | (4,773,950)               | (765,258)                    | 102,126                                            | (1,029,689)                                     | (397,818)                                             | (1,498,023)                               | (234,927)                  | 711,885         | (426,745)  | 476,614,986                                |
| August                   | 57,916,699                              | (150,000,000)                            | (4,775,276)               | (789,648)                    | 41,664                                             | (1,228,914)                                     | (348,682)                                             | (1,498,023)                               | (486,056)                  | 655,365         | (21,249)   | 377,412,977                                |
| September                | 65,078,915                              | -                                        | (4,772,619)               | (807,641)                    | (2,879,139)                                        | 1,017,812                                       | (222,257)                                             | (1,498,023)                               | (10,617)                   | 536,290         | (453,003)  | 434,824,943                                |
| October                  | 64,104,672                              | -                                        | (6,179,756)               | (729,993)                    | 3,040,552                                          | (3,724,639)                                     | (104,992)                                             | (1,498,023)                               | 203,400                    | 832,975         | (466,126)  | 476,213,525                                |
| November                 | 55,491,413                              | -                                        | (7,597,208)               | (596,816)                    | (2,717,830)                                        | (3,013,686)                                     | (182,062)                                             | (1,498,023)                               | (189,002)                  | 1,088,097       | (483,119)  | 518,308,228                                |
| December                 | 63,714,625                              | (113,400,000)                            | (10,266,707)              | (927,148)                    | (11,549,091)                                       | (5,056,867)                                     | (49,077,770)                                          | (1,498,023)                               | (1,272,706)                | 339,947         | (504,009)  | 390,740,090                                |
| Year-to-Date             | 772,668,767                             | (704,400,000)                            | (75,442,681)              | (7,629,038)                  | (54,741,641)                                       | (26,178,281)                                    | (58,199,892)                                          | (17,976,380)                              | (163,142)                  | 10,900,931      | (231,875)  | (163,598,179)                              |
| Total                    | 2,338,335,896                           | (1,279,833,434)                          | (193,562,699)             | (11,578,905)                 | (224,201,524)                                      | (100,346,437)                                   | (184,174,921)                                         | (62,735,864)                              | 70,930,934                 | 60,534,000      | (315,161)  | 390,740,090                                |

<sup>1</sup> Financing charges accrued at the 2024 short-term cost of borrowing of 5.03% for the period of January to November 2025. In December, the interest expense was trueed-up for the year based on the short-term interest rate for 2025 of 3.35%. A detailed calculation of the short-term interest rate will be included in the Quarterly Regulatory Report for the quarter ended December 31, 2025.

<sup>2</sup> 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 use its own sources of rate mitigation and accordingly, in February 2025, transferred \$441.0 million of funding to its Regulated operations. The \$441.0 million includes \$30.6 million of rate mitigation funding related to the retirement of the 2023 Supply Cost Variance Deferral Account of \$271 million over the 2024 to 2026 period. Additionally, in December 2025, pursuant to OC2024-063, Government directed Hydro to transfer \$113.4 million of rate mitigation funding to its Regulated operations through the use of its own sources of funding.

<sup>3</sup> 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 Labrador Island Link ("LIL"), to a \$1.0 billion investment by the Government of Canada in the LIL in the form of a convertible debenture. In August 2025, funding was received by LIL (2021) Limited Partnership, and transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

<sup>4</sup> As per Order No. P.U. 21(2025), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 15.16 cents per kWh effective July 1, 2025.

<sup>5</sup> As per Order No. P.U. 7(2025), the Board approved a Project Cost Recovery Rider of 1.384 cents per kWh effective January 1, 2025 and, in Order No. P.U. 28(2025), the Board approved a Project Cost Recovery Rider of 1.652 cents per kWh effective July 1, 2025.

<sup>6</sup> Hollyrood Thermal Generating Station ("Hollyrood TGS").

<sup>7</sup> Island Interconnected System ("IS").

<sup>8</sup> As per Order No. P.U. 21(2025), the Board approved the transfer of the \$5,711,673 credit balance, as of December 31, 2023, in the Hydraulic Resources Optimization Deferral Account to the Net Revenue from Exports component within the Supply Cost Variance Deferral Account.

<sup>9</sup> In December, the account included an estimate of net export sales that occurred during 2025 but the actual settlement value will not be finalized until the first quarter of 2026.

<sup>10</sup> As per Order No. P.U. 1(2025), the Board approved a wholesale rate, effective as of January 1, 2025, to be charged to utility of 9.688 cents per kWh for winter months of December to March and 3.354 cents per kWh for the non-winter months of April to November.

<sup>11</sup> In October 2025, Hydro sold 211,700 Greenhouse Gas Performance Credits within the province for \$15.8 million.

**Supply Cost Variance Deferral Account**  
**Section B: Utility Customer Balance**  
**December 31, 2025**

|                                 | Allocation<br>Rural Rate<br>Alteration <sup>1</sup><br>(\$) | Financing<br>Charges <sup>2</sup><br>(\$) | Transfers<br>(\$) | Cumulative<br>Net<br>Balance<br>(\$)<br>(to page 1) |
|---------------------------------|-------------------------------------------------------------|-------------------------------------------|-------------------|-----------------------------------------------------|
| Opening Balance                 | (21,135,737)                                                | (1,488,069)                               | -                 | (22,623,806)                                        |
| Adjustments                     | -                                                           | -                                         | -                 | -                                                   |
| <b>Adjusted Opening Balance</b> | <b>(21,135,737)</b>                                         | <b>(1,488,069)</b>                        | <b>-</b>          | <b>(22,623,806)</b>                                 |
| January                         | (1,555,251)                                                 | (62,209)                                  | -                 | (24,241,266)                                        |
| February                        | (1,833,075)                                                 | (66,656)                                  | -                 | (26,140,997)                                        |
| March                           | (1,565,759)                                                 | (71,880)                                  | -                 | (27,778,636)                                        |
| April                           | (1,527,441)                                                 | (76,383)                                  | -                 | (29,382,460)                                        |
| May                             | (1,287,683)                                                 | (80,793)                                  | -                 | (30,750,936)                                        |
| June                            | (764,314)                                                   | (84,556)                                  | -                 | (31,599,806)                                        |
| July                            | (1,039,899)                                                 | (86,890)                                  | -                 | (32,726,595)                                        |
| August                          | (970,020)                                                   | (89,988)                                  | -                 | (33,786,603)                                        |
| September                       | (981,864)                                                   | (92,903)                                  | -                 | (34,861,370)                                        |
| October                         | (1,221,933)                                                 | (95,858)                                  | -                 | (36,179,161)                                        |
| November                        | (1,719,195)                                                 | (99,482)                                  | -                 | (37,997,838)                                        |
| December                        | (2,264,263)                                                 | (104,483)                                 | -                 | (40,366,584)                                        |
| <b>Year-to-Date</b>             | <b>(16,730,697)</b>                                         | <b>(1,012,081)</b>                        | <b>-</b>          | <b>(17,742,778)</b>                                 |
| <b>Total</b>                    | <b>(37,866,434)</b>                                         | <b>(2,500,150)</b>                        | <b>-</b>          | <b>(40,366,584)</b>                                 |

<sup>1</sup> 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.

<sup>2</sup> For the period January to November 2025, the interest rate applied to the deferral account balance was 5.03% based on the prior year-end rate. In December 2025, the interest expense was true-up for the year based on the short-term interest rate for 2025 of 3.35%. A detailed calculation of the short-term interest rate will be included in the Quarterly Regulatory Report for the quarter ended December 31, 2025.

Supply Cost Variance Deferral Account

Section B: Industrial Customers Balance<sup>1</sup>

December 31, 2025

|                 | Financing<br>Charges<br>(\$) | Transfers<br>(\$) | Cumulative<br>Net Balance<br>(\$)<br>(to page 1) |
|-----------------|------------------------------|-------------------|--------------------------------------------------|
| Opening Balance | -                            | -                 | -                                                |
| January         | -                            | -                 | -                                                |
| February        | -                            | -                 | -                                                |
| March           | -                            | -                 | -                                                |
| April           | -                            | -                 | -                                                |
| May             | -                            | -                 | -                                                |
| June            | -                            | -                 | -                                                |
| July            | -                            | -                 | -                                                |
| August          | -                            | -                 | -                                                |
| September       | -                            | -                 | -                                                |
| October         | -                            | -                 | -                                                |
| November        | -                            | -                 | -                                                |
| December        | -                            | -                 | -                                                |
| Year-to-Date    | -                            | -                 | -                                                |
| Total           | -                            | -                 | -                                                |

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