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February 3, 2025

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 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 2024.

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)

December 2024

February 3, 2025

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
Summary
December 31, 2024**

	Supply Cost Variance Deferral Account Balance (\$)	Utility Balance¹ (\$)	Industrial Balance (\$)	Total to Date (\$)
	(from page 2)	(from page 3)	(from page 4)	
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	311,948,910	(13,618,434)	-	298,330,476
February	341,935,391	(14,564,095)	-	327,371,296
March	397,733,563	(15,389,946)	-	382,343,617
April	458,627,143	(16,131,900)	-	442,495,243
May	513,056,291	(16,970,209)	-	496,086,082
June	472,306,238	(17,461,495)	-	454,844,743
July	532,537,811	(17,795,430)	-	514,742,381
August	438,249,575	(18,462,372)	-	419,787,203
September	470,962,139	(19,071,745)	-	451,890,394
October	529,733,851	(19,991,806)	-	509,742,045
November	578,590,117	(21,101,769)	-	557,488,348
December	554,338,269	(22,623,806)	-	531,714,463

¹ Financing charges accrued at the 2023 short-term cost of borrowing of 5.72% for the period of January to November 2024. In December, the interest expense was trued-up for the year based on the short-term interest rate for 2024 of 5.03%. A detailed calculation of the short-term interest rate will be included in the Quarterly Regulatory Report for the quarter ended December 31, 2024.

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

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

	Project Cost Recovery Rider			Load Variation			Financing Charges ¹			Cumulative Net Balance (\$)				
	Muskat Falls Project Cost Variance (\$)	Rate Mitigation Fund ^{2,3} (\$)	Utility ⁴ (\$)	Industrial ⁵ (\$)	Holyhood TGS ⁶ Fuel Cost Variance ⁷ (\$)	Other IIS ⁸ Supply Cost Variance ⁷ (\$)	Net Revenue From Exports Variance (\$)	Transmission Tariff Revenue Variance (\$)	Utility (\$)		Industrial (\$)	Other ⁹ (\$)	Transfers (\$)	
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	-	(2,474,924)	-	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	-	(2,474,924)	-	283,716,067
January	60,516,084	-	(5,919,516)	(302,776)	(22,011,159)	254,112	(446,394)	(1,498,023)	(4,794,456)	1,279,854	-	(269,203)	-	311,948,910
February	60,093,165	-	(5,193,050)	(330,240)	(20,917,636)	(3,525,372)	(407,397)	(1,498,023)	(4,101,190)	925,931	-	(293,462)	(1,241)	341,935,391
March ¹⁰	61,108,742	-	(4,865,806)	(321,551)	863,536	(7,862,356)	(558,056)	(1,498,023)	6,584,788	1,199,512	(2,594)	(314,743)	(2,594)	397,793,563
April	60,246,161	-	(4,120,230)	(149,332)	2,406,427	(1,237,916)	(430,715)	(1,498,023)	2,067,265	1,978,579	(3,912)	(334,683)	(3,912)	458,627,143
May	59,780,821	-	(3,530,077)	(248,519)	2,252,471	(1,651,819)	(350,006)	(1,498,023)	(3,753,884)	1,550,406	(4,524)	(351,568)	(4,524)	513,056,291
June	49,022,047	(90,000,000)	(2,498,638)	(395,759)	(2,883,308)	(980,286)	(181,385)	(1,498,023)	5,828,685	723,206	(10,889)	(482,852,572)	(10,889)	472,306,238
July	61,557,803	-	(2,407,637)	(409,504)	120,315	(746,360)	(130,686)	(1,498,023)	1,124,617	721,084	(35,560)	(376,274)	(7,164)	532,537,811
August	57,372,009	(150,329,113)	(3,442,297)	(342,362)	(211,467)	2,100,276	(140,467)	(1,498,023)	(1,045,243)	1,064,746	1,351	(386,140)	(8,842)	438,249,575
September ¹¹	61,247,178	-	(3,463,905)	(356,058)	(5,434,284)	(1,620,647)	(248,639)	(1,498,023)	1,148,641	925,601	(19,782,371)	(400,247)	(10,245)	470,962,139
October	61,647,822	-	(4,581,342)	(316,756)	2,298,435	(2,843,636)	(184,666)	(1,498,368)	1,109,395	1,210,142	670	(414,442)	(11,704)	529,733,851
November	57,569,671	-	(5,369,341)	(369,401)	(4,603,155)	(2,918,567)	(204,971)	(1,498,023)	3,233,477	845,785	(73)	(433,217)	(13,002)	578,590,117
December ¹²	60,468,609	-	(7,037,232)	(407,609)	(7,146,990)	(4,577,430)	(74,120,731)	(1,498,902)	6,904,832	792,527	-	(455,220)	(14,516)	554,338,269
Year-to-Date	710,630,112	(240,329,113)	(52,429,071)	(3,949,867)	(55,266,815)	(25,600,001)	(77,404,113)	(17,978,388)	17,997,927	13,217,373	(83,286)	(4,395,233)	(83,286)	270,622,202
Total	1,565,667,129	(575,433,484)	(118,120,018)	(3,949,867)	(169,459,883)	(74,168,156)	(125,975,029)	(447,759,484)	71,094,076	49,633,069	(83,286)	(6,870,157)	(83,286)	554,338,269

¹ Financing charges accrued at the 2023 short-term cost of borrowing of 5.72% for the period of January to November 2024. In December, the interest expense was traced-up for the year based on the short-term interest rate for 2024 of 5.03%. A detailed calculation of the short-term interest rate will be included in the Quarterly Regulatory Report for the quarter ended December 31, 2024.

² 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.

³ 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 2024, 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.

⁴ As per Order No. P.U. 15(2024), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider effective August 1, 2024 of 1.124 cents per kWh.

⁵ As per Order No. P.U. 4(2024), the Board approved a Project Cost Recovery Rider of 0.888 cents per kWh that became effective as of January 1, 2024.

⁶ Holyhood Thermal Generating Station ("Holyhood TGS").

⁷ In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited LIL 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 Warrtime 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. The indemnity Agreement with Nalcor terminated upon commissioning of the LIL, and all surviving obligations were fulfilled on November 30, 2024. All balances reported as at December 31, 2024 reflect final actual incremental cost eliminations.

⁸ Island Interconnected System ("IIS").

⁹ 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.

¹⁰ In March 2024, the actual settlement value for net export sales for 2023 was finalized. The settlement did not change the revenue that was accrued in December 2023; therefore, no true-up was required.

¹¹ In September 2024, Hydro sold 330,494 Greenhouse Gas Performance Credits within the province for \$19.8 million.

¹² In December, the account included an estimate of net export sales that occurred during 2024 but the actual settlement value will not be finalized until the first quarter of 2025.

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

	Allocation	Financing	Transfers	Cumulative
	Rural Rate	Charges²	(\$)	Net
	Alteration¹	(\$)	(\$)	Balance
	(\$)	(\$)	(\$)	(\$)
	(to page 1)			
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)	(50,997)	-	(13,618,434)
February	(889,852)	(55,809)	-	(14,564,095)
March	(766,167)	(59,684)	-	(15,389,946)
April	(678,886)	(63,068)	-	(16,131,900)
May	(772,200)	(66,109)	-	(16,970,209)
June	(421,742)	(69,544)	-	(17,461,495)
July	(262,377)	(71,558)	-	(17,795,430)
August	(594,016)	(72,926)	-	(18,462,372)
September	(533,714)	(75,659)	-	(19,071,745)
October	(841,904)	(78,157)	-	(19,991,806)
November	(1,028,036)	(81,927)	-	(21,101,769)
December	(1,435,561)	(86,476)	-	(22,623,806)
Year-to-Date	(9,347,584)	(831,914)	-	(10,179,498)
Total	(21,135,737)	(1,488,069)	-	(22,623,806)

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.

² For the period January to November, the interest rate applied to the deferral account balance was 5.72% based on the prior year-end rate. In December, the interest expense was trueed-up for the year based on the short-term interest rate for 2024 of 5.03%. A detailed calculation of the short-term interest rate will be included in the Quarterly Regulatory Report for the quarter ended December 31, 2024.

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

	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
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.