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August 26, 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 report on the activity and balance of the Supply Cost Variance Deferral Account ("SCVDA") to the end of July 2024.

On May 16, 2024, the Government of Newfoundland and Labrador announced its final rate mitigation plan. As a result, Hydro received direction on the funding mechanism for future rate mitigation as well as the retirement of the outstanding 2023 SCVDA balance, pursuant to Orders in Council 2024-062 and 2024-063.

Hydro notes that it provides both a monthly and quarterly submission on the SCVDA. The report provided in Hydro's Quarterly Regulatory Report ("QRR") provides a more detailed report on the SCVDA than the brief monthly report, which contains duplicative content. The next QRR for the quarter ending September 30, 2024 is due for submission to the Board on November 15, 2024.

In the interest of regulatory efficiency, Hydro respectfully requests the Board discontinue the requirement for this monthly update following the submission of this July 2024 report; Hydro will continue to provide the detailed reporting in its QRR.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

A handwritten signature in blue ink, appearing to read "Shirley A. Walsh", is written over a horizontal line.

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

Encl.

ecc:

Board of Commissioners of Public Utilities
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Katie R. Philpott
Board General

Island Industrial Customer Group
Paul L. Coxworthy, Stewart McKelvey
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Supply Cost Variance Deferral Account Report (Unaudited)

July 2024

August 26, 2024

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
 Summary
 July 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				
September				
October				
November				
December				

Supply Cost Variance Deferral Account Report for July 2024 (Unaudited)
Page 2 of 4

Supply Cost Variance Deferral Account
Section A: Summary
July 31, 2024

	Project Cost Recovery Rider			Load Variation			Financing Charges			Cumulative Net Balance (\$)							
	Muskat Falls Project Cost Variance (\$)	Rate Mitigation Fund ¹ (\$)	Utility ² (\$)	Industrial ³ (\$)	Holyrood TGS ⁴ Fuel Cost Variance ⁵ (\$)	Other IS ⁶ Supply Cost Variance ⁵ (\$)	Net Revenue From Exports Variance (\$)	Transmission Tariff Revenue Variance (\$)	Utility (\$)		Industrial (\$)	Greenhouse Gas Credit Revenue Variance (\$)	Subtotal Monthly Variances (\$)	Utility (\$)	Industrial (\$)	Other ⁷ (\$)	Transfers (\$)
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
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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
January	60,516,084	-	(5,919,516)	(302,776)	(2,011,159)	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
February	60,093,165	-	(5,193,050)	(330,240)	(20,917,636)	(3,526,372)	(407,397)	(1,498,023)	(410,190)	925,931	(29,082)	28,708,106	(332,708)	(1,407)	1,784,179	-	342,262,573
March ³	61,108,742	-	(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
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	1,441	59,263,657	(379,443)	(4,435)	2,234,180	-	459,363,624
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	(1,688)	52,549,682	(398,586)	(5,129)	2,537,957	-	514,047,548
June	49,022,047	(90,000,000)	(2,498,638)	(395,759)	(2,883,308)	(890,286)	(181,385)	(1,498,023)	5,828,685	723,206	10,889	(42,852,572)	(414,987)	(6,283)	2,809,579	-	473,583,285
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)	58,296,049	(426,595)	(8,122)	2,635,025	-	534,079,642
August	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Year-to-Date	412,324,823	(90,000,000)	(28,534,954)	(2,157,681)	(40,169,354)	(15,739,997)	(2,504,639)	(10,486,161)	6,646,825	8,378,572	(325,434)	237,432,000	(2,614,361)	(28,317)	15,574,253	-	250,363,575
Total	1,267,361,840	(425,104,321)	(94,225,901)	(2,157,681)	(154,362,422)	(64,308,152)	(51,075,555)	(37,267,257)	59,742,974	44,794,268	(35,819,880)	507,577,913	(5,089,285)	(28,317)	31,619,331	-	534,079,642

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 ("Nalcor") 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 As per Order No. P.U. 19(2023), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 0.298 cents per kWh that became effective as of July 1, 2022. There is no change to the Project Cost Recovery Rider effective July 1, 2023, as per Board Order No. P.U. 15(2023).

³ 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.

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

⁵ 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 Station 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.

⁶ Island Interconnected System ("IS").

⁷ Any adjustments to any component in the Supply Cost Variance Deferral Account that result in a change to the Subtotal Monthly Variances will result in a corresponding adjustment to financing charges.

⁸ 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
July 31, 2024

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net 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)	(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			-	
September			-	
October			-	
November			-	
December			-	
Year-to-Date	(4,914,353)	(495,942)	-	(5,410,295)
Total	(16,702,506)	(1,152,097)	-	(17,854,603)

¹The 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 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
July 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	-	-	-

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