



Newfoundland and Labrador Hydro
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July 24, 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 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 June 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:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
Katie R. Philpott
Board General

Consumer Advocate

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Teck Resources Limited

Shawn Kinsella

Island Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

Supply Cost Variance Deferral Account Report (Unaudited)

June 2024

July 24, 2024

A report to the Board of Commissioners of Public Utilities



Supply Cost Variance Deferral Account
Summary
June 30, 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	342,046,430	(14,578,410)	-	327,468,020
March	398,032,518	(15,412,310)	-	382,620,208
April	459,145,468	(16,162,803)	-	442,982,665
May	513,778,430	(17,010,097)	-	496,768,333
June	473,187,916	(17,510,869)	-	455,677,047
July				
August				
September				
October				
November				
December				

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

Supply Cost Variance Deferral Account
Section A - Summary
June 30, 2024

	Muskat Falls Project Cost Variance		Rate Mitigation Fund ¹		Project Cost Recovery Rider		Holyrood TGS ⁴ Fuel Cost Variance ⁵		Other IIS ⁶ Supply Cost Variance ⁷		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)	-	-	-	-	-	-	-	-	-	-	-	-	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)	-	-	-	-	-	-	-	-	-	-	-	-	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)	-	-	-	-	-	(305,206)	-	-	(305,206)	-	-	-	312,104,403
February	60,093,165	-	(5,193,050)	(330,240)	(5,193,050)	(330,240)	(21,078,221)	(3,580,930)	(407,397)	(1,498,023)	(4,101,900)	925,931	(29,082)	28,491,963	(332,708)	-	-	-	-	-	(332,708)	-	-	(332,708)	-	-	-	342,046,430
March ²	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)	(1,948,954)	-	-	-	(356,836)	(2,941)	-	(356,836)	(2,941)	-	-	398,032,518
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)	(2,233,171)	-	-	-	(379,443)	(4,435)	-	(379,443)	-	-	-	459,145,468
May	59,780,821	-	(3,530,077)	(248,519)	(3,530,077)	(248,519)	2,202,522	(1,651,819)	(350,006)	(1,498,023)	(3,753,884)	1,550,406	(1,688)	52,499,733	(398,586)	(5,129)	(2,536,944)	-	-	-	(398,586)	(5,129)	-	(398,586)	-	-	-	513,778,430
June	49,022,047	(90,000,000)	(2,498,638)	(395,759)	(2,498,638)	(395,759)	(3,008,308)	(980,286)	(181,385)	(1,498,023)	5,828,685	723,206	10,889	(42,977,572)	(414,987)	(6,283)	(2,808,328)	-	-	-	(414,987)	(6,283)	-	(414,987)	-	-	-	473,187,916
July	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Year-to-Date	350,767,020	(90,000,000)	(26,127,317)	(1,748,177)	(26,127,317)	(1,748,177)	(40,625,203)	(15,049,195)	(2,373,953)	(8,988,138)	5,522,208	7,657,488	(289,874)	178,744,859	(2,187,766)	(20,195)	12,934,951	-	-	-	(2,187,766)	(20,195)	-	(2,187,766)	-	-	-	189,471,849
Total	1,205,804,037	(425,104,321)	(91,818,264)	(1,748,177)	(91,818,264)	(1,748,177)	(154,818,271)	(63,617,350)	(50,944,869)	(35,769,234)	58,618,357	44,073,184	(35,784,320)	448,890,772	(4,662,690)	(20,195)	28,980,029	-	-	-	(4,662,690)	(20,195)	-	(4,662,690)	-	-	-	473,187,916

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 As per Order No. P.U. 15(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. 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 of Commissioners of Public Utilities ("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 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.

⁶ Island Interconnected System ("IIS").

⁷ 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
June 30, 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	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
Year-to-Date	(4,651,976)	(414,585)	-	(5,066,561)
Total	(16,440,129)	(1,070,740)	-	(17,510,869)

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
June 30, 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	-	-	-

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