



Public Utilities Board

NEWFOUNDLAND & LABRADOR

120 Torbay Road • Prince Charles Building, Suite E210 • St. John's, Newfoundland and Labrador • A1A 2G8

2026-04-14

Newfoundland and Labrador Hydro

Shirley Walsh

E-mail: shirleywalsh@nlh.nl.ca

Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro - Request to Review Disposition of Rural Rate Alteration Balance in the Supply Cost Variance Deferral Account

The February 2026 report on the Supply Cost Variance Deferral Account (“SCVDA”) indicates an approximate \$45.0 million credit balance owing to Newfoundland Power as a result of the operation of the Rural Rate Alteration (“RRA”). Historically, the RRA balance was included in the annual Rate Stabilization Plan (“RSP”) adjustment to be used to calculate July 1st rate changes to Newfoundland Power and its customers. With the expected conclusion of the RSP, the Board approved the RRA to be included in the SCVDA, with no annual disposition of the balance.

On January 1, 2022 the RRA balance owing to Newfoundland Power was approximately \$850,000. The increase to a \$45.0 million credit balance primarily reflects additional revenue collected by Hydro resulting from changes to the rates of Hydro Rural customers since 2022.¹

Rates to retail customers have increased materially in recent years. Retail customer rates increased by 6.9% in 2023, 7.0% in 2024 and 7.0% in 2025. A proposed 7% increase is also expected for July 1, 2026.²

Given that the material credit balance in the RRA has primarily resulted from the significant rate increases incurred by retail customers over the past few years, Hydro should consider whether it would be reasonable for the RRA credit balance to be utilized to reduce the projected July 1, 2026 customer rate impact. The Board requires that Hydro file a reply addressing the use of the RRA credit balance by Friday, April 24, 2026.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

¹ The Hydro Rural rate changes resulted from changes in Newfoundland Power's customer rates.

² Newfoundland Power's Application in compliance with Order No. P.U. 3(2025) and Customer Rates, Rules and Regulations effective July 1, 2025.

Mike McNiven, Board Secretary

Tel: 709-726-1158 / Website: www.pub.nl.ca / E-mail: mmcniven@pub.nl.ca

Sincerely,



Mike McNiven
Board Secretary

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ecc **Newfoundland Power Inc.**

Dominic Foley, E-mail: dfoley@newfoundlandpower.com
Douglas Wright, E-mail: dwright@newfoundlandpower.com
NP Regulatory, E-mail: regulatory@newfoundlandpower.com

Consumer Advocate

Adrienne Ding, E-mail: ading@odeaeearle.ca
Justin King, E-mail: jking@odeaeearle.ca
General E-mail: consumeradvocate@odeaeearle.ca

Newfoundland and Labrador Hydro

NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca

Industrial Customer Group

Paul Coxworthy, E-mail: pcoxworthy@stewartmckelvey.com
Glen G. Seaborn, E-mail: gseaborn@poolealthouse.ca
Denis Fleming, E-mail: dfleming@coxandpalmer.com