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May 25, 2022

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

Attention: Ms. Cheryl Blundon
Director of Corporate Services and Board Secretary

Dear Ms. Blundon:

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),¹ please find enclosed Newfoundland and Labrador Hydro's ("Hydro") report on the activity and balance of the Supply Cost Variance Deferral Account to the end of April 2022.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
PUB Official Email

Consumer Advocate

Dennis M. Browne, QC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis
Bernard M. Coffey, QC

Iron Ore Company of Canada

Gregory A.C. Moores, Stewart McKelvey

Labrador Interconnected Group

Senwung F. Luk, Olthuis Kleer Townshend LLP
Joshua H. Favel, Olthuis Kleer Townshend LLP

Newfoundland Power Inc.

Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

Teck Resources Limited

Shawn Kinsella

Praxair Canada Inc.

Sheryl E. Nisenbaum
Peter Strong

Island Industrial Customer Group

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

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.



Supply Cost Variance Deferral Account Report for April 2022 (Unaudited)

May 25, 2022



A report to the Board of Commissioners of Public Utilities

**Supply Cost Variance Deferral Account
Summary
April 30, 2022**

| | Supply Cost Variance Deferral Account Balance (\$) | Utility Balance (\$) | Industrial Balance (\$) | Total To Date (\$) |
|--------------------------|---|----------------------------|-------------------------------|--------------------------|
| Opening Balance | 18,989,681 | (729,396) | - | 18,260,285 |
| Adjustment ¹ | - | (123,374) | - | (123,374) |
| Adjusted Opening Balance | 18,989,681 | (852,770) | - | 18,136,911 |
| January | 35,641,446 | (1,702,118) | - | 33,939,328 |
| February | 57,714,673 | (2,428,860) | - | 55,285,813 |
| March | 80,220,124 | (3,235,471) | - | 76,984,653 |
| April | 77,971,194 | (3,777,764) | - | 74,193,430 |
| May | | | | |
| June | | | | |
| July | | | | |
| August | | | | |
| September | | | | |
| October | | | | |
| November | | | | |
| December | | | | |

¹ There was a correction to the volume calculation for the November and December 2021 rural rate alteration, which is reflected as an adjustment to the opening balance for 2022.

Supply Cost Variance Deferral Account
Section A: Summary
April 30, 2022

| | Muskrat Falls Project Cost Variance (\$) | Rate Mitigation Fund (\$) | Project Cost Recovery | | Holyrood TGS ¹ | | Other IIS ² Supply Cost Variance (\$) | | Net Revenue From Exports Variance (\$) | | Transmission Tariff Revenue Variance (\$) | | Load Variation | | Greenhouse Gas Credit Revenues Variance (\$) | | Subtotal Monthly Variances (\$) | | Financing Charges Transfers (\$) | | Cumulative Net Balance (\$) | | |
|--------------------|---|------------------------------------|-----------------------|--------------------|-------------------------------|---------------------------------|---|--|---|--------------------------------|---|--|---|--------------------------------------|---|---|--|---|---|---|--------------------------------------|---|-------------------|
| | | | Utility (\$) | Industrial (\$) | Fuel Cost Variance (\$) | Supply Cost Variance (\$) | Net Revenue From Exports Variance (\$) | Transmission Tariff Revenue Variance (\$) | Utility Variance (\$) | Industrial Variance (\$) | Greenhouse Gas Credit Revenues Variance (\$) | Subtotal Monthly Variances (\$) | Financing Charges Transfers (\$) | Cumulative Net Balance (\$) | | | | | | | | | |
| Opening Balance | 39,876,511 | - | - | - | (26,879,560) | (3,220,124) | - | (700,298) | 10,532,226 | 2,485,599 | (3,096,317) | 18,998,037 | (8,356) | - | - | - | - | - | - | - | - | - | 18,989,681 |
| January | 32,631,191 | - | - | - | (23,253,578) | (2,235,242) | - | (818,277) | 9,116,758 | 1,182,038 | - | 16,622,890 | 28,875 | - | - | - | - | - | - | - | - | - | 35,641,446 |
| February | 32,657,316 | - | - | - | (13,670,459) | (3,683,542) | (1,733,737) | (970,188) | 8,443,002 | 976,640 | - | 22,019,032 | 54,195 | - | - | - | - | - | - | - | - | - | 57,714,673 |
| March ³ | 17,324,542 | - | - | - | 11,038,375 | (6,506,569) | (2,523,522) | (303,488) | 2,224,383 | 1,163,972 | - | 22,417,693 | 87,758 | - | - | - | - | - | - | - | - | - | 80,220,124 |
| April ⁴ | (9,535,425) | - | - | - | 2,502,554 | (519,080) | (327,464) | (842,928) | 4,892,177 | 1,459,257 | - | (2,370,909) | 121,979 | - | - | - | - | - | - | - | - | - | 77,971,194 |
| May | | | | | | | | | | | | | | | | | | | | | | | |
| June | | | | | | | | | | | | | | | | | | | | | | | |
| July | | | | | | | | | | | | | | | | | | | | | | | |
| August | | | | | | | | | | | | | | | | | | | | | | | |
| September | | | | | | | | | | | | | | | | | | | | | | | |
| October | | | | | | | | | | | | | | | | | | | | | | | |
| November | | | | | | | | | | | | | | | | | | | | | | | |
| December | | | | | | | | | | | | | | | | | | | | | | | |
| Year-to-Date | 73,077,624 | - | - | - | (23,383,108) | (12,944,433) | (4,584,723) | (2,934,881) | 24,676,320 | 4,781,907 | - | 58,688,706 | 292,807 | - | - | - | - | - | - | - | - | - | 58,981,513 |
| Total | 112,954,135 | - | - | - | (50,262,668) | (16,164,557) | (4,584,723) | (3,635,179) | 35,208,546 | 7,267,506 | (3,096,317) | 77,686,743 | 284,451 | - | - | - | - | - | - | - | - | - | 77,971,194 |

¹ Holyrood Thermal Generating Station ("Holyrood TGS").

² Island Interconnected System ("IIS").

³ In March, the payments for the Muskrat Falls Power Purchase Agreement ("Muskrat Falls PPA") were adjusted to reflect the financial restructuring of the project resulting in a revised amount to be transferred to the deferral account of approximately \$20.7 million. The amount for March was further reduced by \$3.4 million primarily due to the adjustment of billed operating costs to actual from November 23, 2021 to March 31, 2022 resulting in a total transfer to the deferral account of \$17.3 million in March.

⁴ In April, Hydro received a credit for \$30.4 million adjusting the payments made under the agreement from November 23, 2021 to February 28, 2022. The credit was applied against the April invoices which totalled \$20.9 million, this resulted in a credit of \$9.5 million for the month.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
April 30, 2022

| | Allocation Rural Rate Alteration ¹ (\$) | Financing Charges (\$) | Transfers (\$) | Cumulative Net Balance (\$) |
|---------------------------------------|---|------------------------------|-------------------|--------------------------------------|
| Opening Balance | (729,046) | (350) | - | (729,396) |
| Adjustments | (123,374) | - | - | (123,374) |
| Adjusted Opening Balance ² | (852,420) | (350) | - | (852,770) |
| January | (848,051) | (1,297) | - | (1,702,118) |
| February | (724,154) | (2,588) | - | (2,428,860) |
| March | (802,918) | (3,693) | - | (3,235,471) |
| April | (537,373) | (4,920) | - | (3,777,764) |
| May | | | | |
| June | | | | |
| July | | | | |
| August | | | | |
| September | | | | |
| October | | | | |
| November | | | | |
| December | | | | |
| Year-to-Date | (2,912,496) | (12,498) | - | (2,924,994) |
| Total | (3,764,916) | (12,848) | - | (3,777,764) |

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).

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

² There was a correction to the volume calculation for the November and December 2021 rural rate alteration, which is reflected as an adjustment to the opening balance for 2022.

Supply Cost Variance Deferral Account
Section B: Industrial Customers Balance¹
April 30, 2022

| | 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 of Commissioners of Public Utilities.