

September 26, 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: Quarterly Update – Items Impacting the Delay of Hydro's Next General Rate Application

In Order No. P.U. 15(2020), the Board of Commissioners of Public Utilities ("Board") approved Newfoundland and Labrador Hydro's ("Hydro") request to delay the filing of its next general rate application ("GRA"). The Board directed Hydro to file quarterly updates with respect to the filing of its next GRA beginning on September 30, 2020, and to include the following:

(i) Information related to:

- a. The timeframe for the commissioning of the Muskrat Falls Project ("Project");
- b. The financial restructuring of the Muskrat Falls Power Purchase Agreement;
- c. The completion of the Government of Newfoundland and Labrador's ("Government") rate mitigation plan; and

(ii) Projected 2021 cost increases and Hydro's plans to address these increases.

All of the Project assets have been commissioned, and Hydro commenced recovery of Project costs with the implementation of a Project Cost Recovery Rider for Hydro's Utility customer in 2022¹ and for its Industrial customers in 2024.² The Government's finalization of the rate mitigation plan was announced in May 2024.

In the interest of regulatory efficiency and to streamline the process for the upcoming GRA, and in addition to the reports and applications that Hydro noted in its March 28, 2025, GRA quarterly update,³ Hydro has or is currently planning to submit the following reports and applications to bring resolution to various issues and items in advance of the GRA wherever possible:

- Cost of Service Methodology;⁴

¹ In accordance with OC2024-062 and the Government's rate mitigation plan, the Board approved an increase to the Utility Project Cost Recovery Rider to 1.516 cents per kWh, effective July 2025, in Order No. P.U. 22(2025). Payments are credited to the Project Cost Recovery – Utility component of the Supply Cost Variance Deferral Account ("SCVDA").

² The Board approved the most recent Industrial Project Cost Recovery Rider of 1.652 cents per kWh, effective July 2025, in Order No. P.U. 28(2025). Payments are credited to the Project Cost Recovery – Industrial component of the SCVDA.

³ In its GRA quarterly update filed with the Board on March 28, 2025, Hydro cited the Government Rate Mitigation Plan Report, the Wholesale Utility Rate Adjustment, and the Disposition of Pondering Savings Application as filings which would contribute to streamlining its next GRA.

⁴ "Cost of Service Methodology Application," Newfoundland and Labrador Hydro, August 22, 2025.

- Application for Capitalization of General Expenses;⁵ and
- Update to Intercompany Transactions Costing Guidelines.

Hydro's effort to identify and evaluate opportunities to further streamline its GRA evidence wherever possible is ongoing. As a result of advancing these filings, Hydro is continuing to prepare to file its next GRA in the first quarter of 2026. Hydro will confirm a more specific date for the filing in a subsequent quarterly update to the Board.

Should you have any questions or comments about any of the enclosed, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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⁵ "Approval of a Proposed General Expenses Capitalized Deferral Account," Newfoundland and Labrador Hydro, August 12, 2025.