



Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400, St. John's, NL
Canada A1B 4K7
t. 709.737.1400 | f. 709.737.1800
nlhydro.com

June 27, 2023

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

Attention: Cheryl Blundon
Director of Corporate Services 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),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 May 2023.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
PUB Official Email

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

Iron Ore Company of Canada
Gregory A.C. Moores, Stewart McKelvey

Labrador Interconnected Group
Senwung F. Luk, Olthuis Kleer Townshend LLP
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

Consumer Advocate
Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Teck Resources Limited
Shawn Kinsella

Linde Canada Inc.
Sheryl E. Nisenbaum
Peter Strong

Newfoundland Power Inc.
Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

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 (Unaudited)

May 2023

June 27, 2023

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
 Summary
 May 31, 2023**

	Supply Cost Variance Deferral Account Balance (\$)¹ (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	196,185,156	(5,784,457)	-	190,400,699
Adjustment	-	-	-	-
Adjusted Opening Balance	196,185,156	(5,784,457)	-	190,400,699
January	207,618,980	(6,387,985)	-	201,230,995
February	192,419,865	(7,469,300)	-	184,950,565
March	20,059,048	(8,219,619)	-	11,839,429
April	55,416,417	(8,619,770)	-	46,796,647
May	105,120,896	(8,946,594)	-	96,174,302
June				
July				
August				
September				
October				
November				
December				

¹ In March 2023, government provided \$190.4 million for the purpose of mitigating projected future customer rate increases that would be required to recover net supply costs incurred.

Supply Cost Variance Deferral Account Report for May 2023 (Unaudited)
Page 2 of 4

Supply Cost Variance Deferral Account
Section A - Summary
May 31, 2023

	Project Cost Recovery Rider			Load Variation			Greenhouse Gas Credit Revenue Variance			Subtotal Monthly Variances			Financing Charges			Cumulative Net Balance (\$)
	Muskat Falls Project Cost Variance ¹ (\$)	Rate Mitigation Fund ² (\$)	Utility ³ (\$)	Industrial (\$)	Holyrood TGS ⁴ Fuel Cost Variance ⁵ (\$)	Other IIS ⁶ Supply Cost Variance ⁷ (\$)	Net Revenue From Exports Variance ⁸ (\$)	Transmission Tariff Revenue Variance ⁹ (\$)	Utility (\$)	Industrial (\$)	Greenhouse Gas Credit Revenue Variance (\$)	Subtotal Monthly Variances (\$)	Utility (\$)	Other (\$)	Transfers (\$)	
Opening Balance Adjustment	277,547,131	-	(18,942,087)	-	(65,302,273)	(28,114,785)	(33,075,710)	(10,113,160)	63,550,645	18,294,888	(12,412,517)	191,432,132	(133,641)	4,886,665	-	196,185,156
Adjusted Opening Balance	277,547,131	-	(18,942,087)	-	(65,302,273)	(28,114,785)	(33,075,710)	(10,113,160)	63,550,645	18,294,888	(12,412,517)	191,432,132	(133,641)	4,886,665	-	196,185,156
January	19,795,154	-	(5,134,003)	-	(16,202,730)	(812,794)	(499,872)	(862,075)	13,086,281	1,367,244	3,962	10,741,167	(66,877)	759,534	-	207,618,980
February	19,400,443	-	(5,471,265)	-	(17,765,083)	(4,632,696)	(385,775)	(1,179,438)	(6,743,241)	1,080,034	(235,119)	(15,932,140)	(85,004)	818,029	-	192,419,865
March	20,390,107	(190,404,321)	(5,338,713)	-	11,674,220	(5,025,833)	(343,485)	(1,107,140)	(4,180,062)	1,295,997	(950)	(173,040,180)	(104,321)	783,684	-	20,059,048
April	40,844,451	-	(4,335,837)	-	2,987,365	(951,082)	(146,610)	(1,534,710)	(2,840,629)	1,263,600	-	35,286,548	(123,170)	193,991	-	55,416,417
May	59,644,132	-	(3,591,165)	-	(1,111,997)	(725,657)	(110,345)	(1,498,412)	(5,144,457)	2,049,725	-	49,508,824	(138,478)	334,133	-	105,120,896
June																
July																
August																
September																
October																
November																
December																
Year-to-Date	160,071,287	(190,404,321)	(23,870,983)	-	(20,418,225)	(12,148,062)	(1,486,087)	(6,181,775)	(5,822,108)	7,056,600	(232,107)	(93,435,781)	(517,850)	2,889,371	-	(91,064,260)
Total	437,618,418	(190,404,321)	(42,813,070)	-	(85,720,498)	(40,262,847)	(34,561,797)	(16,294,935)	57,728,537	25,351,488	(12,644,624)	97,996,351	(651,491)	7,776,036	-	105,120,896

¹ Labrador-Island Link ("LIL") was commissioned on April 14, 2023. The April variance reflects the first payment of \$20.8 million under the Transmission Funding Agreement for the period of April 15-30, 2023. The May variance reflects the payment of \$40.5 million for the period May 1-31, 2023.
² In March 2023, government provided \$190.4 million for the purpose of mitigating projected future customer rate increases that would be required to recover net supply costs incurred.
³ 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.
⁴ Holyrood Thermal Generating Station ("Holyrood TGS").
⁵ In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited LIL capacity, meant Newfoundland and Labrador Hydro ("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 including compensating Hydro for incremental costs of fuel and/or imports over the Maritime Link. The 2023 balances reflect adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries. In May, Hydro received updated estimates for March and April which were retroactively updated.
⁶ Island Interconnected System ("IIS").

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
May 31, 2023

	Allocation	Financing	Transfers	Cumulative
	Rural Rate	Charges	(\$)	Net
	Alteration¹	(\$)	(\$)	Balance
	(\$)	(\$)	(\$)	(\$)
Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
Adjustments	-	-	-	-
Adjusted Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
January	(583,105)	(20,423)	-	(6,387,985)
February	(1,058,761)	(22,554)	-	(7,469,300)
March	(723,948)	(26,371)	-	(8,219,619)
April	(371,131)	(29,020)	-	(8,619,770)
May	(296,391)	(30,433)	-	(8,946,594)
June				
July				
August				
September				
October				
November				
December				
Year-to-Date	(3,033,336)	(128,801)	-	(3,162,137)
Total	(8,659,124)	(287,470)	-	(8,946,594)

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).

Monthly balances reflect immaterial adjustments.

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
May 31, 2023

	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.