



Newfoundland and Labrador Hydro  
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January 26, 2023

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: Application for July 1, 2022 Utility Rate Adjustments as per Order No. P.U. 19(2022) – Request to Provide Update – Hydro's Reply**

As per the correspondence from the Board of Commissioners of Public Utilities,<sup>1</sup> the following is Newfoundland and Labrador Hydro's ("Hydro") update with respect to any future interim rate changes, including the Project Cost Recovery Rider, for 2023 for the Island Interconnected System.

On July 1, 2022, Hydro implemented a Project Cost Recovery Rider for its Utility Customer to begin recovery of Muskrat Falls Project ("Project") cost payments being made by Hydro under the Muskrat Falls Power Purchase Agreement ("Muskrat Falls PPA"). Hydro has not proposed the implementation of a Project Cost Recovery Rider for the January 1, 2023 Island Industrial Customers ("IIC") rate change given the forecast average billing impact of 15.4% in 2023 to provide recovery of historical Rate Stabilization Plan ("RSP") balances. The decline of the Industrial customer RSP balance in 2023 will allow for the implementation of an IIC Project Cost Recovery Rider in 2024. This delay in implementation of a Project Cost Recovery Rider for the IIC will avoid a higher rate increase for those customers in 2023 and rate stability for them in 2024.

With respect to the 2023 retail customer rate impacts associated with the Muskrat Falls PPA costs being paid by Hydro, Hydro is meeting on an ongoing basis regarding the development and implementation of the rate mitigation plan. The details of the rate mitigation plan include Hydro's projected annual rate changes to customers, along with customer impacts of increasing the Project Cost Recovery Rider included in the wholesale rate that is used in billing Newfoundland Power Inc. Hydro anticipates that the Project Cost Recovery Rider will continue to be updated each year until the conclusion of Hydro's next general rate application, upon which time Project costs would be included in determining Hydro's revenue requirement and customer rates. Without the finalization of the rate mitigation plan, Hydro is not yet able to provide projected July 1, 2023 customer rate impacts associated with increased recovery of Project costs. Hydro will provide any new information that provides additional clarity as it becomes available.

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<sup>1</sup> "Newfoundland and Labrador Hydro - Application for July 1, 2022 Utility Rate Adjustments as per Order No. P.U. 19(2022) - To NLH - Request to Provide Update," Board of Commissioners of Public Utilities, January 6, 2023.

Cheryl Blundon  
Board of Commissioners of Public Utilities

2

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

ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
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