Q. **Reference: Volume I, Section 1.3.3, Figure 1-3, Issue Topic: Intercompany Transaction Costing Guidelines**

For 2025, please provide a breakdown of Hydro's costs (by each of operating costs, depreciation, return on equity, debt and other costs) between its regulated and non-regulated operations. Please also include a breakdown of net plant investment.

A. Please refer to Newfoundland and Labrador Hydro's ("Hydro") 2025 financial schedules, provided as NP-NLH-012, Attachment 1.[1]

[1] Originally filed as Appendix E of Hydro's Financial Update to the Quarterly Regulatory Report for the Quarter Ended December 31, 2025.

Quarterly Summary for the Quarter Ended December 31, 2025, Appendix E

Balance Sheet - Regulated Operations
as at December 31, 2025
($000)

Assets	**December 2025**	**December 2024**
Current Assets		
Cash	2,915	3,150
Accounts Receivable	136,090	123,980
Inventories	97,222	103,747
Current Portion of Sinking Fund Investments	112,516	19,929
Contract Receivable	5,125	2,927
Prepayments	4,876	4,189
Due from Related Parties	4,514	1,425
Promissory Note - From Non-Regulated	31,806	-
	395,064	**259,347**
Property, Plant, and Equipment	2,564,560	2,405,051
Intangible Assets	5,063	4,859
Sinking Fund Investments	101,511	191,317
Right-of-Use Assets	2,378	2,397
Long-Term Receivable	144	165
Regulatory Assets	1,657,924	1,447,232
Total Assets	**4,726,644**	**4,310,368**

Liabilities and Shareholder's Equity		
Current Liabilities		
Short-Term Borrowings	250,000	590,000
Accounts Payable and Accrued Liabilities	154,336	114,110
Accrued Interest	28,198	25,363
Current Portion of Contract Payable	324,523	325,315
Current Portion of Long-Term Debt	231,310	6,650
Current Portion of Deferred Credits[1]	6,082	7,549
Current Portion of Deferred Contributions	1,347	1,228
Current Portion of Decommissioning Liabilities	979	1,559
Due to Related Parties	24,438	18,447
Promissory Note - To Non-Regulated[1]	-	2,775
	1,021,213	**1,092,996**
Long-Term Debt	2,055,794	2,001,780
Deferred Contributions	69,595	68,122
Decommissioning Liabilities	32,903	27,090
Employee Future Benefits	83,919	84,816
Contract Payable	823,673	400,520
Long-Term Payable	917	824
Lease Liability	2,661	2,623
Regulatory Liabilities	15,754	21,220
Shareholder Contributions	100,000	100,000
Accumulated Other Comprehensive Income	13,014	9,980
Retained Earnings	507,201	500,397
Total Liabilities and Shareholder's Equity	**4,726,644**	**4,310,368**

[1] Comparative figures for Current Portion of Deferred Credits and Promissory Note in Regulated and Non-Regulated, have been restated due to categorization of a third party contribution related to a non regulated project that was misclassified as regulated. Restated balances are as follows:
• Q4 2024 Current Portion of Deferred Credits is restated from $8,332 to $7,549. Change of ($783).
• Q4 2024 Promissory Note - Non-Regulated is restated from $1,992 to $2,775. Change of $783.

Statement of Income - Regulated Operations
for the Twelve Months Ended December 31, 2025
($000)

Fourth Quarter				Annual		
2025 Actual	**2025 Budget**	**2024 Actual**		**2025 Actual**	**2025 Budget**	**2024 Actual**
			Revenue			
171,718	172,174	171,509	Energy Sales	640,757	643,583	640,615
2,597	1,530	2,333	Other Revenue	9,116	6,045	8,033
174,315	**173,704**	**173,842**		**649,873**	**649,628**	**648,648**
			Expenses			
83,920	76,629	81,376	Fuels	243,928	233,775	244,682
12,213	17,055	13,798	Power Purchased	60,794	67,200	59,343
34,660	36,868	33,739	Operating Costs	150,771	158,112	145,210
-	-	3	Transmission Rental	-	-	27
25,454	24,024	24,440	Depreciation and Amortization	95,137	93,401	90,208
26,666	21,636	23,479	Net Finance Expense	88,855	86,714	86,053
2,300	539	889	Other Expense	3,584	2,157	2,633
185,213	**176,751**	**177,724**		**643,069**	**641,359**	**628,156**
(10,898)	**(3,047)**	**(3,882)**	**Net (Loss) Income**	**6,804**	**8,269**	**20,492**

Statement of Comprehensive Income - Regulated Operations
for the Twelve Months Ended December 31, 2025
($000)

Fourth Quarter				Annual		
2025 Actual	**2025 Budget**	**2024 Actual**		**2025 Actual**	**2025 Budget**	**2024 Actual**
(10,898)	(3,047)	(3,882)	Net (Loss) Income	6,804	8,269	20,492
			Other Comprehensive Income (Loss)			
3,524	-	(2,916)	Employee Future Benefit Actuarial Gain (Loss)	3,034	-	(3,663)
(7,374)	**(3,047)**	**(6,798)**	**Total Comprehensive (Loss) Income**	**9,838**	**8,269**	**16,829**

Statement of Cash Flows - Regulated Operations
for the Twelve Months Ended December 31, 2025
($000)

	Annual 2025	2024
Operating Activities		
Net Income	6,804	20,492
Adjusted for Items not Involving Cash Flow		
Depreciation and Amortization	95,137	90,208
Accretion of Asset Retirement Obligation and Long-Term Debt	2,598	2,478
Amortization of Deferred Contributions	(2,396)	(2,279)
Employee Future Benefits	(897)	6,364
Loss on Disposal of Property, Plant and Equipment	-	119
Other	(14,223)	(18,652)
	87,023	**98,730**
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	(12,110)	(19,170)
Inventory	6,525	(3,041)
Prepaid Expenses	(687)	489
Regulatory Assets	(210,692)	(597,550)
Regulatory Liabilities	(5,466)	323
Accounts Payable and Accrued Liabilities [1]	22,637	705
Contract Payable	422,361	274,538
Accrued Interest	2,835	1
Contract Receivable	(2,198)	9,623
Due to/from Related Parties [2]	2,902	18,264
	313,130	**(217,088)**
Financing Activities		
Increase in long-term debt	296,979	-
Decrease in long-term receivable	21	30
(Decrease) Increase in Deferred Credits [3]	(1,467)	3,893
Increase in Deferred Capital Contributions	3,988	5,393
(Decrease) Increase in Promissory Notes [2,3]	(374,581)	349,285
	(75,060)	**358,601**
Investing Activities		
Additions to Property, Plant and Equipment	(247,566)	(160,258)
Removal Costs	(2,132)	(1,690)
Proceeds on Disposal	454	548
Additions to Intangible Assets	-	(1)
Increase in Sinking Funds	(6,650)	(6,650)
Changes in Non-Cash Working Capital Balances [1]	17,589	338
	(238,305)	**(167,713)**
Net Decrease in Cash	(235)	(26,200)
Cash Position, Beginning of Period	3,150	29,350
Cash Position, End of Period	**2,915**	**3,150**

[1] Comparative figures for Accounts Payable and Accrued Liabilities and Changes in Non-Cash Working Capital Balances - Investing Activities have been restated to reflect and updated presentation change.

[2] Comparative figures for Due to/from Related Parties and (Decrease) Increase in Promissory Notes in Regulated and Non-Regulated Hydro have been restated due to a reclassifying adjustment made but not previously flowed through the Statement of Cash Flows. Restated balances are as follows:
• Q1 2025 Due to/from Related Parties is restated from $20,436 to $18,264. Change of ($2,172).
• Q1 2025 (Decrease) Increase in Promissory Notes is restated from $346,330 to $349,285. Change of $2,955, of which $783 pertains to footnote 3 below.

[3] Comparative figures for (Decrease) Increase in Deferred Credits and (Decrease) Increase in Promissory Notes have been restated for transactions misclassified between Regulated and Non-Regulated Hydro.

Quarterly Summary for the Quarter Ended December 31, 2025, Appendix E

Revenue Summary - Regulated Operations
for the Twelve Months Ended December 31, 2025
($000)

Fourth Quarter 2025 Actual	Fourth Quarter 2025 Budget	Fourth Quarter 2024 Actual		Annual 2025 Actual	Annual 2025 Budget	Annual 2024 Actual
			Industrial			
9,864	10,226	9,014	Industrial	35,489	41,226	33,726
2,261	2,042	2,848	Industrial Load[1]	10,901	7,046	13,217
12,125	**12,268**	**11,862**	**Total Industrial**	**46,390**	**48,272**	**46,943**
			Utility			
139,176	136,354	126,568	Newfoundland Power Inc.	511,359	521,480	494,565
(1,258)	1,230	11,247	Utility Load[2]	(163)	(10,298)	17,997
137,918	**137,584**	**137,815**	**Total Utility**	**511,196**	**511,182**	**512,562**
21,675	**22,322**	**21,832**	**Rural**	**83,171**	**84,129**	**81,110**
			Other Revenue			
236	154	183	Sundry	1,176	542	915
411	409	411	Pole Attachments	1,644	1,636	1,644
607	577	786	Amortization of CIAC[3]	2,396	2,307	2,279
953	-	563	Recovery of Supply Power[4]	2,340	-	1,635
390	390	390	Generation Demand Recovery	1,560	1,560	1,560
2,597	**1,530**	**2,333**	**Total Other Revenue**	**9,116**	**6,045**	**8,033**
174,315	**173,704**	**173,842**	**Total Revenue**	**649,873**	**649,628**	**648,648**

[1] Industrial load represents the revenue load variance recognized through the Supply Cost Variance Deferral Account ("SCVDA").

[2] Utility load represents the revenue load variance recognized through the SCVDA.

[3] Contribution in aid of Construction ("CIAC").

[4] Recovery of Supply Power includes sales of emergency energy to Nova Scotia Power and in 2024 it also included the recovery of costs incurred by Newfoundland and Labrador Hydro as a result of advanced delivery of the Nova Scotia Block to Emera.

Supplementary Schedule - Regulated Operations
for the Twelve Months Ended December 31, 2025
($000)

Fourth Quarter 2025 Actual	Fourth Quarter 2025 Budget	Fourth Quarter 2024 Actual		Annual 2025 Actual	Annual 2025 Budget	Annual 2024 Actual
			Finance Income			
4,047	3,904	3,926	Interest on Sinking Fund	15,951	15,696	15,286
445	162	783	Other Interest Income	2,502	650	3,708
4,492	**4,066**	**4,709**	**Total Finance Income**	**18,453**	**16,346**	**18,994**
			Finance Expense			
25,679	24,431	24,431	Interest on Long-Term Debt	98,973	97,725	97,725
3,392	3,564	5,746	Interest on Short-Term Debt	14,090	13,547	21,121
2,252	2,254	2,235	Debt Guarantee Fee	9,008	9,014	8,940
683	635	620	Accretion	2,602	2,536	2,477
(229)	(223)	(479)	RSP[1] Interest	(1,236)	(1,191)	(2,224)
815	(3,751)	(4,330)	SCVDA[2] Interest	(12,682)	(15,557)	(21,191)
100	12	99	Other	148	47	151
32,692	**26,922**	**28,322**	**Total Finance Expense**	**110,903**	**106,121**	**106,999**
(1,534)	(1,220)	(134)	Interest Capitalized during Construction	(3,595)	(3,061)	(1,952)
31,158	25,702	28,188		107,308	103,060	105,047
26,666	**21,636**	**23,479**	**Net Finance Expense**	**88,855**	**86,714**	**86,053**

[1] Rate Stabilization Plan ("RSP").
[2] Supply Cost Variance Deferral Account ("SCVDA").

Balance Sheet - Non-Regulated Activities
as at December 31, 2025
($000)[1]

Assets	**December 2025**	**December 2024**
Current Assets		
Cash	654,636	771,669
Accounts Receivable	38,844	36,915
Inventories	1,325	2,193
Current Portion of Sinking Fund Investments	2,154	2,094
Prepayments	3,020	3,755
Deferred Asset	109,777	83,907
Related Party Loan Receivable	555,342	705,342
Due from Related Parties	34,945	53,373
Promissory Note - From Regulated	-	2,775
	1,400,043	**1,662,023**
Property, Plant, and Equipment	1,893,147	1,893,310
Intangible Assets	20,106	21,947
Sinking Fund Investments	30,479	31,419
Investment in Joint Arrangement	823,644	778,277
Investment in Subsidiaries	5,149,619	4,805,196
Total Assets	**9,317,038**	**9,192,172**
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	65,639	64,957
Current Portion of Decommissioning Liabilities	3	10
Current Portion of Deferred Credits[2]	94,376	97,736
Derivative Liabilities	109,777	83,907
Other Current Liabilities	18,188	17,923
Due to Related Parties	5,311	17,457
Promissory Note - To Regulated[2]	31,806	-
	325,100	**281,990**
Deferred Credits	1,478,707	1,512,289
Long-Term Payable	417	-
Employee Future Benefits	22,094	20,335
Other Long-Term Liabilities	34,411	36,506
Share Capital	122,504	122,504
Shareholder Contributions	4,658,210	4,658,210
Accumulated Other Comprehensive Income	(32,590)	(39,383)
Retained Earnings	2,708,185	2,599,721
Total Liabilities and Shareholder's Equity	**9,317,038**	**9,192,172**

[1] Nalcor Energy and Newfoundland and Labrador Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity. This means that beginning in the first quarter of 2025, the 2024 comparative figures were updated to reflect the post-amalgamation corporate structure.

[2] Comparative figures for Current Portion of Deferred Credits and Promissory Note in Regulated and Non-Regulated, have been restated due to categorization of a third party contribution related to a non regulated project that was misclassified as regulated.

Statement of Income - Non-Regulated Activities
for the Twelve Months Ended December 31, 2025
($000)[1]

Fourth Quarter 2025 Actual	Fourth Quarter 2025 Budget	Fourth Quarter 2024 Actual		Annual 2025 Actual	Annual 2025 Budget	Annual 2024 Actual
			Revenue			
16,591	15,457	15,704	Energy Sales	65,283	64,948	61,471
9,720	7,970	9,943	Other Revenue	39,425	33,297	33,646
26,311	**23,427**	**25,647**		**104,708**	**98,245**	**95,117**
			Expenses			
35	-	35	Fuels	35	-	35
33,428	13,826	26,871	Power Purchased	83,932	68,208	89,914
28,559	9,099	55,828	Operating Costs	71,184	38,449	92,805
5,155	4,760	4,713	Transmission Rental	22,371	19,040	18,855
9,687	9,693	13,580	Depreciation and Amortization	38,799	38,774	42,163
(4,405)	(3,864)	(7,753)	Net Finance Income	(16,465)	(15,504)	(29,924)
102,963	39	(23,636)	Other Expense (Income)[2]	692,334	683,634	215,693
175,422	**33,553**	**69,638**		**892,190**	**832,601**	**429,541**
(149,111)	**(10,126)**	**(43,991)**	Net Operating Loss	**(787,482)**	**(734,356)**	**(334,424)**
			Other Revenue			
16,545	12,729	15,488	Equity in CF(L)Co	42,801	31,345	45,642
-	1,334	3,134	Preferred Dividends	8,785	5,333	10,410
196,660	162,005	172,667	Equity in Subsidiaries	844,360	821,550	736,860
213,205	**176,068**	**191,289**		**895,946**	**858,228**	**792,912**
64,094	**165,942**	**147,298**	**Net Income**	**108,464**	**123,872**	**458,488**

[1] Nalcor Energy and Newfoundland and Labrador Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity. This means that beginning in thes first quarter of 2025, the 2024 comparative figures were updated to reflect the post-amalgamation corporate structure.

[2] The balance in Other Expense is primarily related to the rate mitigation transfers under the Province's rate mitigation plan.

Statement of Retained Earnings - Non-Regulated Activities
for the Twelve Months Ended December 31, 2025
($000)[1]

Fourth Quarter			Annual	
2025 Actual	**2024 Actual**		**2025 Actual**	**2024 Actual**
2,644,091	2,452,423	Balance, Beginning of Period	2,599,721	2,141,233
64,094	147,298	Net Income	108,464	458,488
2,708,185	**2,599,721**	Balance, End of Period	**2,708,185**	**2,599,721**

[1] Nalcor Energy and Newfoundland and Labrador Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity. This means that beginning in the first quarter of 2025, the 2024 comparative figures were updated to reflect the post-amalgamation corporate structure.

Statement of Comprehensive Income - Non-Regulated Activities
for the Twelve Months Ended December 31, 2025
($000)[1]

Fourth Quarter				Annual		
2025 Actual	**2025 Budget**	**2024 Actual**		**2025 Actual**	**2025 Budget**	**2024 Actual**
64,094	165,942	147,298	Net Income	108,464	123,872	458,488
			Other Comprehensive Income			
767	-	(508)	Actuarial Gain (loss) on Employee Benefits Liability	767	-	(508)
775		(485)	Share of Other Comprehensive Income of Joint Arrangement	2,567		1,008
838	-	1,597	Share of Other Comprehensive Income of Subsidiaries	3,460	-	3,277
66,474	**165,942**	**147,902**	**Total Comprehensive Income**	**115,258**	**123,872**	**462,265**

[1] Nalcor Energy and Newfoundland and Labrador Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity. This means that beginning in thes first quarter of 2025, the 2024 comparative figures were updated to reflect the post-amalgamation corporate structure.

Statement of Cash Flows - Non-Regulated Activities
for the Twelve Months Ended December 31, 2025
($000)[1]

	Annual	
	2025	**2024**
Operating Activities		
Net Income	108,464	458,488
Adjusted for Items not Involving Cash Flow		
Depreciation and Amortization	38,799	42,163
Share of Profit of Joint Arrangement	(42,801)	(45,642)
Share of Profit of Subsidiaries	(844,360)	(736,860)
Amortization of Deferred Credits	(93,585)	(109,862)
Maritime Link Operating Costs	20,400	22,200
Employee Future Benefits	1,759	1,656
Accretion of Long-Term Payables	2,233	2,081
Sinking Fund Earnings	880	819
Non-Cash Distribution from Subsidiary	93,585	109,862
Other	2,176	2,336
	(712,450)	**(252,759)**
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	(1,929)	(16,507)
Accounts Payable and Accrued Liabilities	10,444	10,020
Due to/from Related Parties	6,282	(33,890)
Prepaid Expenses	735	274
Inventories	868	354
Other Liabilities	(3,647)	8,997
	(699,697)	**(283,511)**
Financing Activities		
Proceeds from Related Party Promissory Note	150,000	150,000
Increase in Promissory Notes[2]	34,581	10,712
Change in Deferred Credits[2]	28,768	16,351
	213,349	**177,063**
Investing Activities		
Additions to Property, Plant and Equipment	(30,735)	(25,541)
Dividends from Subsidiaries	270,088	230,339
Distributions from Subsidiaries	139,724	244,661
Changes in Non-Cash Working Capital Balances	(9,762)	12,865
	369,315	**462,324**
Net Change in Cash	(117,033)	355,876
Cash Position, Beginning of Period	771,669	415,793
Cash Position, End of Period	654,636	771,669

[1] Nalcor Energy and Newfoundland and Labrador Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity. This means that beginning in the first quarter of 2025, the 2024 comparative figures were updated to reflect the post-amalgamation corporate structure.

[2] Comparative figures for Increase in Deferred Credits and Promissory Notes have been restated for transactions misclassified between Regulated and Non-Regulated Hydro.