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May 26, 2026

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

Attention: Mike McNiven
Board Secretary

Re: Application for July 1, 2026 Utility Rate Adjustments – Hydro's Reply

On April 24, 2026, Newfoundland and Labrador Hydro ("Hydro") filed its application for approval of certain utility rate adjustments to become effective July 1, 2026 ("Application"), including updates to the Rate Stabilization Plan Current Plan Adjustment, the Utility Conservation and Demand Management Cost Recovery Adjustment, and the Project Cost Recovery Rider. The Application also included a proposal to utilize the Rural Rate Alteration ("RRA") balance in Hydro's Supply Cost Variance Deferral Account, to limit customer rate impacts in accordance with direction from the Government of Newfoundland and Labrador ("Government").

Party Comments

Submissions were filed with respect to the Application by Newfoundland Power Inc. ("Newfoundland Power") and the Consumer Advocate. Newfoundland Power supports the proposals in the Application, including the use of the RRA balance to limit the overall average rate increase to customers and to achieve the targeted Residential rate increase.

Newfoundland Power further stated that the RRA may continue to accumulate balances and suggested that any additional credits accumulated up to December 31, 2026, be considered in rate adjustment processes in 2027.

The Consumer Advocate also does not oppose the Application, noting that the proposed rate changes are consistent with Government's rate mitigation direction and communications.

No comments were received from any other party.

Hydro's Response

Hydro's Application was prepared in accordance with existing regulatory mechanisms and Government direction, including the objective of targeting a 2.25% Domestic rate increase annually through 2030.

Hydro's proposals result in an overall average rate increase of 2.3% for Newfoundland Power's customers. For Residential customers specifically, Hydro's proposals will result in a 2.25% rate increase for Residential customers consistent with Order in Council OC2024-062.

As Hydro stated in its Application, and as noted by Government in its communication dated

Mike McNiven
Board of Commissioners of Public Utilities

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April 22, 2026,¹ Hydro will continue to work with the Board of Commissioners of Public Utilities (“Board”), Government, and Newfoundland Power to determine an appropriate and defined approach with respect to future applications and the disposition of the RRA balance in the future.

Hydro respectfully requests that the Board approve the Application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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

Encl.

ecc:

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¹ “2026 Utility Rate Adjustments - Effective July 1, 2026,” Newfoundland and Labrador Hydro, April 24, 2026, sch. 1, att.1.