

October 1, 2025

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

Re: Newfoundland and Labrador Hydro ("Hydro") – Application for Approval of a Proposed General Expenses Deferral Account (the "Application") – Comments of Newfoundland Power Inc. ("Newfoundland Power" or the "Company")

In Order No. P.U. 16 (2021), the Board of Commissioners of Public Utilities (the "Board") approved Hydro's proposal to defer and recover capital-related overhead costs beginning on January 1, 2022 through the establishment of a deferral account, without approval of the specific methodology and account definition.¹ The Board stated its order was to provide certainty for Hydro in putting forward its proposals in its next general rate application ("GRA"), which was anticipated to be filed within six months of the issuance of the order.² The Board also provided in its order that it was satisfied that existing regulatory processes would allow for the consideration of this matter in advance of the end of 2022 if circumstances were such that the Board's order on Hydro's GRA was not issued by then.³

Further, Hydro's Application is filed pursuant to section 80 of the Public Utilities Act.⁴ Hydro is forecasting a rate of return on rate base below the lower end of its approved range for 2025 and 2026.⁵ Hydro states that the effective date of January 1, 2025 will allow Hydro to improve its forecast return on rate base in 2025 and 2026.⁶

Based on the information available on the record of this proceeding, Hydro's Application appears to be consistent with the direction of the Board in Order No. P.U. 16 (2021) and section 80 of the Act. In addition, Hydro's methodology to capitalize only those general expenses that are incremental to a utility as a result of its capital program is consistent with Canadian utility practice and generally provides a reasonable overall result.⁷ For these reasons, the Company does not object to Hydro's Application.

¹ Order No. P.U. 16 (2021), page 8, lines 3-8.

² Order No. P.U. 16 (2021), page 7, lines 25-38.

³ Order No. P.U. 16 (2021), page 7, lines 40-43.

⁴ Application, page 1.

⁵ See the response to Request for Information ("RFI") PUB-NLH-001.

⁶ See the response to RFI IC-NLH-001. Also, see the response to NP-NLH-003 where Hydro provides it is preparing its next GRA based on a 2027 test year.

⁷ See Order No. P.U. 3 (2022) – Amended, page 8, lines 16-40 and the response to RFI NP-NLH-006.

Newfoundland Power Inc.

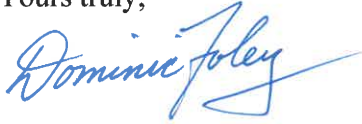
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We trust this is in order. If you have any questions regarding the enclosed, please contact the undersigned.

Yours truly,



Dominic Foley
Legal Counsel

Enclosures

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Newfoundland and Labrador Hydro

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