



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
nilhydro.com

January 19, 2026

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Application for Approval of the Disposition of the Rate Stabilization Plan for Island Industrial Customers Effective January 1, 2026

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of the disposition of the Rate Stabilization Plan ("RSP") for Island Industrial Customers effective January 1, 2026.

In Hydro's application for approval of the Island Industrial Customer Rate Adjustment effective January 1, 2025, Hydro stated that it would file an application in January 2026 to conclude the RSP activity for Island Industrial Customers by disposing of any residual balances remaining in the Industrial Customers RSP balance as of December 31, 2025. In accordance with the Government of Newfoundland and Labrador's rate mitigation plan, Hydro is proposing to discontinue the Island Industrial RSP Current Plan Adjustment of 0.093 cents per kWh and increase the Island Industrial Project Cost Recovery by the exact amount so that rates remain unchanged from those approved in Board Order No. P.U. 28(2025).

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
Ryan Oake
Board General

Consumer Advocate

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

Linde Canada Inc.

Sheryl E. Nisenbaum
Peter Strong

Newfoundland Power Inc.

Dominic J. Foley
Douglas W. Wright
Regulatory Email

Teck Resources Limited

Darren Hennessey

Island Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Glen G. Seaborn, Poole Althouse

Island Industrial Customer Rate Stabilization Plan Disposition

Effective January 1, 2026

January 19, 2026

An application to the Board of Commissioners of Public Utilities



Schedule 1

Rate Stabilization Plan Report

December 31, 2025 (Unaudited)



IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“EPCA”) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (“Act”) and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“Hydro”), pursuant to Subsection 70(1) of the *Act*, for the approval of: (i) the transfer of the balance in the Island Industrial Customer Rate Stabilization Plan (“RSP”) as of December 31, 2025 to the Supply Cost Variance Deferral Account – Industrial Customers balance; (ii) the discontinuance of the Island Industrial Customer RSP; and (iii) an increase to the Project Cost Recovery Rider to be charged to Island Industrial Customers effective January 1, 2026 reflecting the changes to the Island Industrial Customer RSP.

To: The Board of Commissioners of Public Utilities (“Board”)

THE APPLICATION OF HYDRO STATES THAT:

A. Background

1. Hydro, a corporation continued and existing under the *Hydro Corporation Act, 2024*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submits for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations that relate to that service.
3. Subsection 70(1) of the *Act* provides that a public utility shall not charge, demand, collect or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls, and charges for the services provided by the public utility.

Rate Stabilization Plan Adjustment

4. In Board Order No. P.U. 7(2025), the Board approved an Island Industrial Customer RSP Current Plan Adjustment of 0.093 cents per kWh effective January 1, 2025.
5. The adjustment effective as of January 1, 2025 to collect the December 31, 2024 balances finalizes the activity in the RSP related to Industrial Customers. Hydro indicated in its Application for Approval of the Island Industrial Customer Rate Adjustments Effective January 1, 2025 that it would file an application in January 2026 to dispose of any residual balances in the plan balance for Island Industrial customers as of December 31, 2025.
6. In that same application, Hydro stated its intention to propose any change in rates for Island Industrial Customers to be effective July 1 when the application for the July 1 Island Industrial Customer Conservation and Demand Management (“CDM”) Cost Recovery Adjustment is filed. As the final RSP Current Plan Adjustment had been calculated, this change would result in one rate change application for Island Industrial Customers each year.

Project Cost Recovery Rider

7. The Project Cost Recovery Rider for Hydro’s Utility customer was implemented on July 1, 2022 to begin recovery of the Muskrat Falls Project cost payments being made by Hydro under the Muskrat Falls Power Purchase Agreement.
8. Hydro did not propose the implementation of a Project Cost Recovery Rider for Island Industrial Customers in 2023 to enable rate stability during that period. Instead, Hydro planned to implement the Project Cost Recovery Rider for Island Industrial Customers in 2024, after the RSP balance owing had declined. This approach avoided a rate increase relating to the Project Cost Recovery Rider for Island Industrial Customers in 2023 and provided for rate stability in 2024.
9. On January 30, 2024, in Board Order No. P.U. 4(2024), the Board approved the implementation of a Project Cost Recovery Rider for the Island Industrial Customers of 0.888 cents per kWh. The combined effect of a decrease in the RSP Adjustment and the implementation of the Project Cost Recovery Rider resulted in no change to the rates for Island Industrial Customers as of January 1, 2024.

10. In Hydro's application for the Island Industrial Customer Rate Adjustments effective January 1, 2025, approved in Board Order No. P.U. 7(2025), Hydro requested an Island Industrial Customer RSP Current Plan Adjustment of 0.093 cents per kWh, a decrease in the RSP Adjustment that was offset by the updated Project Cost Recovery Rider of 1.384 cents per kWh. The combined effect of the RSP change and the Project Cost Recovery Rider maintained rates at 2024 levels.
11. In that same application, Hydro stated its intention to propose any further updates to the Project Cost Recovery Rider in the Island Industrial Customer CDM Cost Recovery Adjustment application, to be filed in June of each year.
12. On April 15, 2025, Hydro filed its application for the July 1, 2025 Utility Rate Adjustments. The Proposed Project Cost Recovery Rider for Utility customers was designed to achieve the target average Domestic customer rate increase attributable to Hydro of 2.25%, (3.3% wholesale increase) effective July 1, 2025. The Board approved the application in Board Order No. P.U. 22(2025).
13. On June 5, 2025, Hydro filed its application for the July 1, 2025 Island Industrial Customer Rate Adjustments requesting a 3.3% rate increase, consistent with the wholesale rate increase.
14. In its response to Request for Information PUB-NLH-001 of that application, Hydro advised that its January 2026 application with respect to the Island Industrial Customer RSP would propose to dispose of any residual balances remaining in the RSP balance for Island Industrial customers as of December 31, 2025 and conclude the RSP for these customers. Hydro advised that as part of the January 2026 application, it would propose to transfer the existing RSP Rider of 0.093 cents per kWh to the Project Cost Recovery Rider, increasing the existing rider by exactly 0.093 cents per kWh and allowing Hydro to maintain billings at rates proposed for July 1, 2025.
15. In Board Order No. P.U. 28(2025), the Board approved the proposed Project Cost Recovery Rider for Island Industrial Customers of 1.652 cents per kWh that achieved the target 3.3% overall wholesale rate increase in addition to a CDM Cost Recovery Adjustment of 0.006 cents per kWh calculated in accordance with Board Order No. P.U. 37(2022).

B. Application

16. Schedule 1 to this application provides a copy of the Rate Stabilization Report for December 31, 2025 that shows an Industrial Balance remaining of (\$51,816). This is the balance remaining from 2024 that the RSP Current Plan Adjustment of 0.093 cents per kWh, approved in Board Order No. P.U. 7(2025), was calculated to collect.
17. Order in Council OC2024-062, directs Hydro's Board of Directors to *"structure any application for utility rate increases such that retail rate increases to domestic rate class customers attributable to Newfoundland and Labrador Hydro shall be targeted at 2.25 per cent per year (the "Hydro Target Increase")"* for each rate application filed with the Board relating to the period up to and including the year 2030. Government further directed that rate increases be structured *"for other customers subject to Island Interconnected rates in a manner that is compatible with the Hydro Target Rate Increase."*¹
18. Hydro implemented an updated Project Cost Recovery Rider of 1.652 cents per kWh, effective July 1, 2025. This rate change increased customer billings by 3.3%,² thereby allowing Hydro to collect Muskrat Falls Project related costs in accordance with the Government's rate mitigation plan as directed through the Order in Council. The 3.3% increase is consistent with the increase to the Wholesale rate for the July 1, 2025 Utility Rate Adjustments approved in Board Order No. P.U. 22(2025).
19. Hydro's present application seeks approval to conclude the RSP activity for Industrial customers by:
 - i) transferring the RSP Industrial Balance as of December 31, 2025 of (\$51,816) to the Supply Cost Variance Deferral Account – Industrial Customer Balance; and
 - ii) discontinuing the existing Industrial Customer RSP Current Plan Adjustment of 0.093 cents per kWh and increasing the existing Project Cost Recovery Rider by that exact amount to maintain rates approved in Board Order No. P.U. 28(2025).

¹ Order in Council OC2024-062 <<https://www.exec-oic.gov.nl.ca/public/oic/details?order-id=21851>>.

² The Island Industrial Customer RSP Current Plan Adjustment of 0.093 cents per kWh approved in Board Order No. P.U.7(2025) and the CDM Cost Recovery Adjustment of 0.006 cents per kWh approved in Board Order No. P.U. 17(2024) remained unchanged for July 1, 2025.

20. Schedule 2 to this application provides updated Island Industrial Customer Billing Impacts which shows no change to rates resulting from this request.
21. Schedule 3 to this application provides an updated Island Industrial Customer Rate Sheet, reflecting the revised Island Industrial Customer RSP Current Plan Adjustment and Project Cost Recovery Rider reflecting the transfer of the existing Industrial Customer RSP Current Plan Adjustment to the existing Project Cost Recovery Rider.

C. Newfoundland and Labrador Hydro's Request

22. Hydro requests the Board approve:
 - (i) The transfer of the RSP Island Industrial Customers balance as at December 31, 2025 of (\$51,816) to the Supply Cost Variance Deferral Account – Industrial Customers Balance;
 - (ii) The discontinuance of the RSP Current Plan Adjustment for Island Industrial Customers effective as of January 1, 2026;
 - (iii) A revised Island Industrial Project Cost Recovery Rider of 1.745 cents per kWh, as set out in Schedule 2 of this application, to become effective January 1, 2026;
 - (iv) The Industrial-Firm Rate Sheet, attached as Schedule 3 of this application; and
 - (v) A revised Rate Stabilization Plan Rules for Balance Disposition, attached as Schedule 4 of this application.

D. Reasons for Approval

23. Approval by the Board of the proposed disposition of Island Industrial Customer RSP Balance as of December 31, 2025 and the increase to the Project Cost Recovery Rider of the exact amount of the discontinued RSP Current Plan Adjustment will permit for the conclusion of the RSP for Industrial customers while maintaining the rates approved in Board Order No. P.U. 28(2025) effective July 1, 2026 thus providing for recovery of Muskrat Falls Project costs from the Island Industrial Customers in accordance with the rate mitigation plan.

E. Communications

24. Communications with respect to this application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

DATED at St. John's in the province of Newfoundland and Labrador on this 19th day of January 2026.

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Counsel for the Applicant
Newfoundland and Labrador Hydro,
500 Columbus Drive, P.O. Box 12400
St. John's, NL A1B 4K7
Telephone: (709) 685-4973

Newfoundland and Labrador Hydro
Rate Stabilization Plan Report
December 31, 2025

Summary of Key Facts

The Rate Stabilization Plan ("RSP") of Newfoundland and Labrador Hydro ("Hydro") was established for Hydro's Utility customer, Newfoundland Power Inc. ("Newfoundland Power") and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 Fuel cost at Hydro's Holyrood Thermal Generating Station;
- Customer Load (Utility and Island Industrial); and
- Rural rates.

In Board Order No. P.U. 33(2021), the Board of Commissioners of Public Utilities ("Board") approved the Supply Cost Variance Deferral Account ("SCVDA") to deal with future supply cost variances on the Island Interconnected System beginning in the month in which Hydro was required to begin payments under the Muskrat Falls Purchase Power Agreement (i.e., November 2021). The approval of the SCVDA discontinued transfers to the RSP, effective as of the implementation of the SCVDA, resulting from variations in future costs associated with the Test Year Cost of Service estimates for the items listed above. However, the Board directed that the RSP balances be maintained for the transparent and timely recovery of historical balances. The rules provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board in Board Order No. P.U. 4(2022).

The Hydraulic Variation Account Balance as of October 31, 2021 was fully assigned to customers as of December 31, 2024 as per the Rate Stabilization Plan Rules for Balance Disposition approved by the Board in Board Order No. P.U. 4(2022).

Per Board Order No. P.U. 10(2025), finance charges are calculated on the balances using the approved weighted average cost of capital, which is currently 5.45% per annum effective January 1, 2025.

Rate Stabilization Plan
Summary of Utility Customer
December 31, 2025

A	B	C	D	E	F	G	H
Load Variation (\$)	Allocation Fuel Variance (\$)	Allocation Rural Rate Alteration (\$)	Subtotal Monthly Variances (\$)	Financing Charges (\$)	Adjustment ^{1,3} (\$)	Transfers ² (\$)	Cumulative Net Balance (\$)
				(A + B + C)	(A + B + C)	(A + B + C)	(to page 4) 30,588,113
Opening Balance Adjustment							
January	-	-	-	135,567	(3,129,390)	-	27,594,290
February	-	-	-	122,298	(3,216,944)	-	24,499,644
March	-	-	-	108,583	(2,800,744)	6,462,978	28,270,461
April	-	-	-	125,295	(2,485,782)	-	25,909,974
May	-	-	-	114,834	(2,122,955)	-	23,901,853
June	-	-	-	105,933	(1,451,101)	-	22,556,685
July	-	-	-	99,972	(1,300,555)	-	21,356,102
August	-	-	-	94,651	(1,300,916)	-	20,149,837
September	-	-	-	89,304	(1,300,192)	-	18,938,949
October	-	-	-	83,938	(1,683,535)	-	17,339,352
November	-	-	-	76,848	(2,069,688)	-	15,346,512
December	-	-	-	68,016	(2,796,933)	-	12,617,595
Year-to-Date	-	-	-	1,225,239	(25,658,735)	6,462,978	(17,970,518)
Total	-	-	-	1,225,239	(25,658,735)	6,462,978	12,617,595

¹Effective August 1, 2024, the RSP Adjustment rate is 0.461 cents per kWh as per Board Order No. P.U. 15(2024).

²Recovery of the 2024 Isolated Systems Supply Costs Deferral was approved in Board Order No. P.U. 13(2025).

³Effective July 1, 2025, the RSP Adjustment rate is 0.413 cents per kWh as per Board Order No. P.U. 22(2025).

Rate Stabilization Plan
Summary of Industrial Customers
December 31, 2025

A	B	C	D	E	F	G
Load Variation (\$)	Allocation Fuel Variance (\$)	Subtotal Monthly Variances (\$)	Financing Charges (\$)	Adjustment ¹ (\$)	Transfers (\$)	Cumulative Net Balance (\$)
		(A + B)				(to page 4) 399,333
Opening Balance						
Adjustment						
Adjusted Opening Balance						
January	-	-	-	1,770	(36,356)	-
February	-	-	-	1,617	(27,586)	-
March	-	-	-	1,501	(36,558)	-
April	-	-	-	1,346	(28,527)	-
May	-	-	-	1,226	(37,655)	-
June	-	-	-	1,064	(35,751)	-
July	-	-	-	910	(43,080)	-
August	-	-	-	724	(44,454)	-
September	-	-	-	530	(45,466)	-
October	-	-	-	331	(41,095)	-
November	-	-	-	150	(33,598)	-
December	-	-	-	2	(52,194)	(51,816)
Year-to-Date	-	-	-	11,171	(462,320)	(451,149)
Total	-	-	-	11,171	(462,320)	(51,816)

¹ Effective January 1, 2025, the RSP Adjustment rate is 0.093 cents per kWh as per Board Order No. P.U. 7 (2025).

Rate Stabilization Plan
Overall Summary
December 31, 2025

	A Utility Balance (\$)	B Industrial Balance (\$)	C Total To Date (\$) $(A + B)$
(from page 2)	(from page 3)		
30,588,113	399,333	30,987,446	
Opening Balance			
Adjustments	-	-	-
Adjusted Opening Balance	30,588,113	399,333	30,987,446
January	27,594,290	364,747	27,959,037
February	24,499,644	338,778	24,838,422
March	28,270,461	303,721	28,574,182
April	25,909,974	276,540	26,186,514
May	23,901,853	240,111	24,141,964
June	22,556,685	205,424	22,762,109
July	21,356,102	163,254	21,519,356
August	20,149,837	119,524	20,269,361
September	18,938,949	74,588	19,013,537
October	17,339,352	33,824	17,373,176
November	15,346,512	376	15,346,888
December	12,617,595	(51,816)	12,565,779

Schedule 2

Island Industrial Customer Billing Impacts



Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts¹
January 1, 2026

	Billing Units²	Unit	Current Rates	Billings at Existing Rates (\$)	Proposed Rates	Revised Billings (\$)	Change (\$)	Change (%)
Demand (kW ^s)	932,178	\$/kW/mo	10.73	10,002,270	10.73	10,002,270		
Energy - Firm (MWh ^s)	444,805	c/kWh	4.428	19,695,953	4.428	19,695,953		
Specifically Assigned			\$ 318,130	318,130	318,130	318,130		
Total Base Rate				<u>30,016,353</u>		<u>30,016,353</u>		0.0%
RSP Current Plan Adjustment	444,805	c/kWh	0.093	413,668	-	-	(413,668)	-1.1%
Project Cost Recovery Rider	444,805	c/kWh	1.652	7,348,174	1.745	7,761,842	413,668	1.1%
CDM Recovery Adjustment	444,805	c/kWh	0.006	26,688	0.006	26,688	-	0.0%
Total				<u>37,804,883</u>		<u>37,804,883</u>		0.00%

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Newfoundland and Labrador Hydro
 Island Industrial Customers Estimated Billing Impacts¹
 Linde Canada Inc.
 January 1, 2026

	Billing Units ²	Unit	Current Rates	Billing at Existing Rates (\$)	Revised Rates	Billings (\$)	Change (\$)	Change (%)
Demand (kW)	72,000	\$/kW/mo	10.73	772,560	10.73	772,560		
Energy - Firm (MWhs)	43,684	¢/kWh	4.428	1,934,348	4.428	1,934,348		
Specifically Assigned		\$	-	-	-	-		
Total Base Rate				2,706,908		2,706,908		0.0%
RSP Current Plan Adjustment	43,684	¢/kWh	0.093	40,627	-	-		
Project Cost Recovery Rider	43,684	¢/kWh	1.652	721,667	1.745	762,294	(40,627)	-1.2%
CDM Recovery Adjustment	43,684	¢/kWh	0.006	2,621	0.006	2,621	40,627	1.2%
Total				3,471,823		3,471,823		0.0%

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts¹
Vale Newfoundland and Labrador Ltd.
January 1, 2026

	Billing Units ²	Unit	Current Rates	Existing Rates (\$)	Revised Rates	Billings (\$)	Change (\$)	Change (%)
Demand (kWs)	576,000	\$/kW/mo	10.73	6,180,480	10.73	6,180,480		
Energy - Firm (MWhs)	283,421	c/kWh	4.428	12,549,890	4.428	12,549,890		
Specifically Assigned								
Total Base Rate				145,352	145,352	145,352	145,352	0.0%
RSP Current Plan Adjustment	283,421	c/kWh	0.093	263,582	-	-		
Project Cost Recovery Rider	283,421	c/kWh	1.652	4,682,118	1.745	4,945,699	(263,582)	-1.1%
CDM Recovery Adjustment	283,421	c/kWh	0.006	17,005	0.006	17,005	263,582	1.1%
Total					23,838,426	23,838,426	23,838,426	0.0%

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts¹
Corner Brook Pulp and Paper Ltd.
January 1, 2026

	Billing Units ²	Unit	Current Rates	Billing at Existing Rates (\$)	Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
Demand (kW)	6,000	\$/kW/mo	10.73	64,380	10.73	64,380		
Energy - Firm (MWhs)	255	¢/kWh	4.428	11,310	4.428	11,310		
Specifically Assigned		\$	13,311	13,311	13,311	13,311		
Total Base Rate				89,001		89,001		0.0%
RSP Current Plan Adjustment	255	¢/kWh	0.093	238	-	-	(238)	-0.3%
Project Cost Recovery Rider	255	¢/kWh	1.652	4,219	1.745	4,457	238	0.3%
CDM Recovery Adjustment	255	¢/kWh	0.006	15	0.006	15	-	0.0%
Total				93,473		93,473		0.0%

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts¹
Brya Renewable Fuels
January 1, 2026

	Billing Units ²	Unit	Current Rates	Billing at Existing Rates (\$)	Revised Rates	Billings (\$)	Change (\$)	Change (%)
Demand (kWs)	268,000	\$/kW//mo	10.73	2,875,640	10.73	2,875,640		
Energy - Firm (MWhs)	113,863	¢/kWh	4.428	5,041,842	4.428	5,041,842		
Specifically Assigned								
Total Base Rate				8,025,160		8,025,160		0.0%
RSP Current Plan Adjustment	113,863	¢/kWh	0.093	105,892	-	-		
Project Cost Recovery Rider	113,863	¢/kWh	1.652	1,881,013	1.745	1,986,905	(105,892)	-1.1%
CDM Recovery Adjustment	113,863	¢/kWh	0.006	6,832	0.006	6,832	105,892	1.1%
Total				10,018,897		10,018,897		0.0%

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts¹
Teck Resources Ltd.
January 1, 2026

	Billing Units ²	Unit	Current Rates	Billing at Existing Rates (\$)	Revised Rates	Billings (\$)	Change (\$)	Change (%)
Demand (kWs)	3,000	\$/kW/mo	10.73	32,190	10.73	32,190		
Energy - Firm (MWhs)	1,041	¢/kWh	4.428	46,108	4.428	46,108		
Specifically Assigned		\$	51,789	51,789	51,789	51,789		
Total Base Rate				130,087		130,087		0.0%
RSP Current Plan Adjustment	1,041	¢/kWh	0.093	968	-	-		
Project Cost Recovery Rider	1,041	¢/kWh	1.652	17,202	1.745	18,170		
CDM Recovery Adjustment	1,041	¢/kWh	0.006	62	0.006	62		
Total				148,319		148,319		0.0%

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Newfoundland and Labrador Hydro
 Island Industrial Customers Estimated Billing Impacts¹
 Marathon Gold Corporation
 January 1, 2026

	Billing Units ²	Unit	Current Rates	Billing at Existing Rates (\$)	Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
Demand (kWs)	7,178	\$/kW/mo	10.73	77,020	10.73	77,020		
Energy - Firm (MWhs)	2,540	c/kWh	4.428	112,456	4.428	112,456		
Specifically Assigned		\$	-	-	-	-		
Total Base Rate				189,476		189,476		0.0%
RSP Current Plan Adjustment	2,540	c/kWh	0.093	2,362	-	-		
Project Cost Recovery Rider	2,540	c/kWh	1.652	41,955	1.745	44,317	(2,362)	-1.0%
CDM Recovery Adjustment	2,540	c/kWh	0.006	152	0.006	152	2,362	1.0%
				233,945		233,945		0.0%
Total								

¹ Numbers may not add due to rounding.

² Billing units are based on January to December 2025 actuals.

Schedule 3

Island Industrial Customer Rate Sheets

January 1, 2026



INDUSTRIAL – FIRM

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Base Rate*

Demand Charge

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.73 per kilowatt (kW) per month of billing demand.

Firm Energy Charge

Base Rate @ 4.428¢ per kWh

~~RSP Adjustment – Current Plan~~ @ 0.093¢ per kWh

~~Project Cost Recovery Rider~~ @ 1.745¢ per kWh

~~CDM Cost Recovery Adjustment~~ @ 0.006¢ per kWh

Specifically Assigned Charges

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	\$13,311
Braya Renewable Fuels (Newfoundland) GP Inc.	\$107,678
Teck Resources Limited	\$51,789
Vale	\$145,352

***Subject to Project Cost Recovery Rider and CDM Cost Recovery Adjustment**

Project Cost Recovery Rider recovers Muskrat Falls Project costs.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a ten-year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

INDUSTRIAL – NON-FIRM

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate

Non-Firm Energy Charge: Non-Thermal Generation Source (¢ per kWh)

Hydro will inform the Customer of the Non-firm energy charge on the first business day following the 21st day of the month preceding the month for which the rate is being set.

Energy charges shall be the greater of:

- (i) The energy charge applicable to Rate No. 2.4L – General Service 1,000 KVA and Over provided in Hydro's Schedule of Rates, Rules and Regulations; and
- (ii) The applicable On-Peak Energy Rate or Off-Peak Energy Rate

The following formula shall apply to calculate the On-Peak Energy Rate and Off-Peak Energy Rate:

On-Peak Energy Rate:

The non-firm energy charge for the on-peak period for the calendar month shall be calculated monthly based on the weighted average of:

- (iii) the settlement price for NYISO Zone A Day-Ahead Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees; and
- (iv) the settlement price for ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees.

Off-Peak Energy Rate

The non-firm energy charge for the off-peak period for the calendar month shall be calculated monthly based on the weighted average of:

- (v) the settlement price for NYISO Zone A Day-Ahead Off-Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees; and
- (vi) the settlement price for ISO New England Mass Hub Day-Ahead Off-Peak Calendar-Month 5

MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees.

The weightings applied to each market price to calculate the on-peak and off-peak energy charges will reflect the percentage of kWh exports sold (i.e., including exports from regulated and non-regulated Hydro) based on each market for the previous calendar month.

Peak and Off-Peak Periods

The winter on-peak period is 7 am to 10 pm, Monday to Friday, for the months of December to March and the non-winter peak period is 8 am to 10 pm, Monday to Friday, for the period April to November. The off-peak period will include all other hours.

Non-Firm Energy Charge: Thermal Generation Source (¢ per kWh)

The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 \div (1 - C))\} \times 100$$

A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used

B = the conversion factor for the source used (kWh/bbl)

C = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

- 1) Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
- 2) Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
- 3) Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl

Adjustment for Losses for Thermal Generation Source

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

INDUSTRIAL – WHEELING

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate

Energy Charge

All kWh (net of losses)* @ 0.831¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

Schedule 4

RSP Rules for Balance Disposition

January 1, 2026



RATE STABILIZATION PLAN RULES FOR BALANCE DISPOSITION

The Rate Stabilization Plan (“RSP”) of Newfoundland and Labrador Hydro (“Hydro”) was established for Hydro’s Utility customer, Newfoundland Power Inc. (“Newfoundland Power”), and Island Industrial customers to smooth rate impacts for variations between actual results and test year cost of service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro’s Holyrood Thermal Generating Station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

In Board Order No. P.U. 33(2021), the Board of Commissioners of Public Utilities (“Board”) approved the Supply Cost Variance Deferral Account to deal with future supply cost variances on the Island Interconnected System beginning in the month in which Hydro was required to begin payments under the Muskrat Falls Purchase Power Agreement (i.e., November 2021). The approval of the Supply Cost Variance Deferral Account discontinued transfers to the RSP, effective as of the implementation of the Supply Cost Variance Deferral Account, resulting from variations in future costs associated with the test year cost of service estimates for the items listed above. However, the Board directed that the RSP balances be maintained for the transparent and timely recovery of historical balances. The following rules provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board.

Section A: Hydraulic Production Variation Balance Disposition

1. Financing

Each month, financing charges, using Hydro's approved test year weighted average cost of capital, will be calculated on the balance.

2. Hydraulic Variation Customer Assignment

Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

E = Hydraulic Variation Account Balance as of October 31, 2021, excluding financing charges; and

F = Financing charges accumulated to December 31 for each year.

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

3. Customer Allocation

The annual customer assignment will be allocated among the Island Interconnected customer groups of (i) Newfoundland Power, (ii) Island Industrial Firm, and (iii) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh up to October 31,

2021 for Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment, which is initially allocated to Rural Island Interconnected, will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion to which the Rural Deficit was allocated in the approved test year cost of service study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances, respectively, as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration

1. Customer Allocation: Load and Fuel Activity Historical Balance

The year-to-date total for fuel price variation as of October 31, 2021 and the year-to-date total for the load variation as of October 31, 2021 will be allocated among the Island Interconnected customer groups of (i) Newfoundland Power, (ii) Island Industrial Firm, and (iii) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh as of October 31, 2021 for Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation as of October 31, 2021 and the year-to-date portion of the load variation as of October 31, 2021, which is initially allocated to Rural Island Interconnected, will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved test year cost of service study.

The amount allocated to regulated Labrador Interconnected customers will be removed from the plan and written off to Hydro's net income (loss).

2. Customer Allocation: Rural Rate Alteration Activity Historical Balance

The rural rate alteration as of October 31, 2021 will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion to which the Rural Deficit was allocated in the approved test year cost of service study. The portion allocated to regulated Labrador Interconnected will be removed from the plan and written off to Hydro's net income (loss).

3. Plan Balances

Separate plan balances for Newfoundland Power and the Island Industrial customer class will be maintained. The RSP balances shall be adjusted by other amounts as ordered by the Board.

Financing charges on the plan balances will be calculated monthly using Hydro's approved test year weighted average cost of capital.

Section C: Adjustment

1. Newfoundland Power

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh that is projected to collect:

Newfoundland Power March 31 Balance

less projected recovery/repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year;

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year);

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

2. Island Industrial Customers

~~As of December 31 each year, the adjustment rate for Island Industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh that is projected to collect:~~

~~Industrial December 31 Balance~~

~~plus forecast financing charges to the end of the following calendar year;~~

~~divided by the 12-months-to-date kWh sales to the end of December.~~

Affidavit



IN THE MATTER OF the *Electrical Power Control Act, 1994*, *SNL 1994*, Chapter E-5.1 (“*EPCA*”) and the *Public Utilities Act, RSNL 1990*, Chapter P-47 (“*Act*”), and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“*Hydro*”), pursuant to Subsection 70(1) of the *Act*, for the approval of: (i) the transfer of the balance in the Island Industrial Customer Rate Stabilization Plan (“*RSP*”) as of December 31, 2025 to the Supply Cost Variance Deferral Account – Industrial Customers balance; (ii) the discontinuance of the Island Industrial Customer *RSP*; and (iii) an increase to the Project Cost Recovery Rider to be charged to Island Industrial Customers effective January 1, 2026 reflecting the changes to the Island Industrial Customer *RSP*.

AFFIDAVIT

I, Dana Pope, of St. John’s in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice President, Regulatory Affairs and Stakeholder Relations for Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

SWORN at St. John’s in the province of Newfoundland and Labrador this 19th day of January, 2026 before me:



Commissioner for Oaths, Newfoundland and Labrador



Dana Pope, CPA (CA), MBA

MANDA HURLEY
Commissioner for Oaths
for the Province of
Newfoundland and Labrador
Qualification expires on December 31, 2028