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March 28, 2025

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: Quarterly Update – Items Impacting the Delay of Hydro's Next General Rate Application

In Order No. P.U. 15(2020), the Board of Commissioners of Public Utilities ("Board") approved Newfoundland and Labrador Hydro's ("Hydro") request to delay the filing of its next general rate application ("GRA"). The Board directed Hydro to file quarterly updates with respect to the filing of its next GRA beginning on September 30, 2020, and to include the following:

(i) Information related to:

- a. The timeframe for the commissioning of the Muskrat Falls Project ("Project");
- b. The financial restructuring of the Muskrat Falls Power Purchase Agreement;
- c. The completion of the Government of Newfoundland and Labrador's ("Government") rate mitigation plan; and

(ii) Projected 2021 cost increases and Hydro's plans to address these increases.

All of the Project assets have been commissioned, and Hydro commenced recovery of Project costs with the implementation of a Project Cost Recovery Rider for Hydro's Utility customer in 2022¹ and for its Industrial customers in 2024.²

In the interest of regulatory efficiency and to streamline the process for the upcoming GRA, Hydro has submitted reports and applications to bring resolution to various issues and items in advance of the GRA wherever possible, and has filed the following to date:

- Government Rate Mitigation Plan Report;³
- Wholesale Utility Rate Adjustment;⁴ and

¹ The Board approved an increase to the Utility Project Cost Recovery Rider effective August 1, 2024, in accordance with OC2024-062 and the Government's rate mitigation plan to 1.124 cents per kWh in Board Order No. P.U. 15(2024). Payments are credited to the Project Cost Recovery – Utility component of the Supply Cost Variance Deferral Account ("SCVDA").

² The Board approved the most recent Industrial Project Cost Recovery Rider of 1.384 cents per kWh effective January 2025 in Board Order No. P.U. 7(2025). Payments are credited to the Project Cost Recovery – Industrial component of the SCVDA.

³ "Implementation of the Rate Mitigation Plan Report," Newfoundland and Labrador Hydro, October 22, 2024.

⁴ "Application for Adjustment to Wholesale Utility Rate," Newfoundland and Labrador Hydro, rev. September 25, 2024 (originally filed September 16, 2024). The proposed wholesale rate was approved effective January 1, 2025, in Board Order No. P.U. 1(2025).

- Disposition of Pondering Savings Application.⁵

With the May 2024 announcement of the Government's finalization of the rate mitigation plan, Hydro continues to prepare to file its next GRA in the fourth quarter of 2025. Hydro's effort to identify and evaluate opportunities to further streamline its GRA evidence wherever possible is ongoing. Hydro will confirm a more specific date for the filing in a subsequent quarterly update to the Board.

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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⁵ "Disposition of Balances within the Hydraulic Resources Optimization Deferral Account," Newfoundland and Labrador Hydro, March 3, 2025.