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September 26, 2024

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.

Muskrat Falls Project and Rate Mitigation

As of April 2023, all of the Project assets have been commissioned. The finalization of the \$1 billion federal loan guarantee and capital restructuring for the Project agreements was completed in 2022, and on May 16, 2024, the Government announced the finalization of the rate mitigation plan with Hydro.

Projected Supply Increases

Hydro commenced recovery of Project costs and implemented a Project Cost Recovery Rider for Hydro’s Utility customer effective July 1, 2022. The Board approved the Project Cost Recovery Rider for Hydro’s Industrial customers in January 2024¹ and an increase in the Project Cost Recovery Rider for Hydro’s Utility customer in July 2024.²

¹ The Board approved the implementation of the Industrial Project Cost Recovery Rider of 0.888 cents per kWh in Board Order No. P.U. 4(2024). Payments are credited to the Project Cost Recovery – Industrial component of the Supply Cost Variance Deferral Account (“SCVDA”).

² The Board approved an increase to the Utility Project Cost Recovery Rider 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 SCVDA.

Proposed Timing of Hydro's Next GRA

With the details of the Government's rate mitigation plan finalized, Hydro continues to prepare to file its next GRA in the second half of 2025. Hydro will continue to provide quarterly updates to the Board and will confirm a more specific date for the filing in a subsequent update.

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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SAW/kd

ecc:

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