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
nlhydro.com

June 30, 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: Inter-Affiliate Transactions Report for the Year Ended December 31, 2025

Please find enclosed Newfoundland and Labrador Hydro's Inter-Affiliate Transactions Report for the year ended December 31, 2025, filed pursuant to correspondence from the Board of Commissioners of Public Utilities ("Board") on May 11, 2023,[1] and Board Order No. P.U. 49(2016).

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Ryan Oake
Board General

Linde Canada Inc.
Sheryl E. Nisenbaum
Tina Lahey

Teck Resources Limited
Darren Hennessey

Consumer Advocate
Adrienne H.Y. Ding, O'Dea Earle
Justin W. King, O'Dea Earle
Consumer Advocate General

Newfoundland Power Inc.
Dominic J. Foley
Douglas W. Wright
Regulatory Email

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

[1] "Newfoundland and Labrador Hydro - Streamlining of Quarterly Regulatory Report To Parties – Board's Decision on Reporting," Board of Commissioners of Public Utilities, May 11, 2023.

Inter-Affiliate Transactions Report

For the Year Ended December 31, 2025

June 30, 2026

A report to the Board of Commissioners of Public Utilities

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
For the Year Ended December 31, 2025

The Inter-Affiliate Transactions Report summarizes transactions by type between Regulated Newfoundland and Labrador Hydro ("Hydro") and affiliates on an annual basis. The report also documents any contracts, agreements or loans between Hydro and any related affiliate, including the Government of Newfoundland and Labrador ("Government"), that were signed in the year.

The report is divided into six sections as follows:

1) Charges to each individual affiliate by charge type for the current year with comparable data for the prior year.

2) Charges from each individual affiliate by charge type for the current year with comparable data for the prior year.

3) Charges to (from) other related parties by charge type for the current year with comparable data for the prior year.

4) Accounts receivable (payable) aging by affiliate as at December 31st with comparable data for the prior year.

5) Listing of any contracts or agreements that were signed between Hydro and any affiliate as well as any loans with related entities. Loan information provided includes the amount of the loan, the date of the borrowing and date of repayment, and the interest rate.

6) Documentation of methods used to determine cost allocations updated on an annual basis.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Activity Summary
For the Year Ended December 31, 2025
($000)[1]

	2025	2024
Operating		
Charges to Affiliates: Labour/Other	(5,359)	(4,391)
Charges to Affiliates: Other Revenue	(20,556)	(21,515)
Charges to Affiliates: Muskrat Falls PPA[2] Monetization of Exports	(73,765)	(13,279)
Charges to Affiliates: Rate Mitigation[3]	(704,400)	(240,329)
Charges to Affiliates: Transmission	(17,976)	(17,978)
Charges to Affiliates: Admin Fee	(3,638)	(3,523)
Subtotal	**(825,694)**	**(301,015)**
Charges from Affiliates: Labour/Other	4,453	2,999
Charges from Affiliates: Power Purchase	1,245,338	1,053,953
Charges from Affiliates: Admin Fee	11,339	10,238
Subtotal	**1,261,130**	**1,067,190**
Board of Commissioners of Public Utilities	2,360	2,008
Government	34,706	33,676
Subtotal	**37,066**	**35,684**
Total Operating	**472,502**	**801,859**
Capital		
Charges to Affiliates: Capital	(1,815)	(1,424)
Subtotal	**(1,815)**	**(1,424)**
Charges from Affiliates: Capital	645	332
Charges from Affiliates: CIAC[4]	(190)	(178)
Subtotal	**455**	**154**
Total Capital	**(1,360)**	**(1,270)**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Power Purchase Agreement ("PPA").

[3] Rate mitigation funding includes funding received of $150.0 million (2024: $150.3 million) associated with the drawing on the Government of Canada convertible debenture and $554.4 million (2024: $90.0 million) of internal funding transferred to Hydro Regulated for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account ("SCVDA"). Please refer to the Agreements with Affiliated Entities section of this report.

[4] Contribution in Aid of Construction ("CIAC").

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Charges to Affiliates: Operating
For the Year Ended December 31, 2025
($000)[1]

	2025						2024					
	Exploits/ Menihek/ Non-Regulated[2]	**Churchill Falls**	**Lower Churchill**	**Energy Marketing**	**Oil & Gas**	**Total**	**Exploits/ Menihek/ Non-Regulated[2]**	**Churchill Falls**	**Lower Churchill**	**Energy Marketing**	**Oil & Gas**	**Total**
Labour	(3,438)	(411)	(584)	(167)	(4)	**(4,604)**	(2,755)	(449)	(456)	(99)	-	**(3,759)**
Other	(606)	(62)	(72)	(14)	(1)	**(755)**	(497)	(67)	(59)	(9)	-	**(632)**
Other Revenue[3]	-	-	(1,598)	(18,958)	-	**(20,556)**	(850)	-	(2,055)	(18,610)	-	**(21,515)**
Muskrat Falls PPA Monetization of Exports	-	-	(73,765)	-	-	**(73,765)**	-	-	(13,279)	-	-	**(13,279)**
Rate Mitigation Funding[4]	(704,400)	-	-	-	-	**(704,400)**	(240,329)	-	-	-	-	**(240,329)**
Transmission	-	-	-	(17,976)	-	**(17,976)**	-	-	-	(17,978)	-	**(17,978)**
Subtotal	**(708,444)**	**(473)**	**(76,019)**	**(37,115)**	**(5)**	**(822,056)**	**(244,431)**	**(516)**	**(15,849)**	**(36,696)**	**-**	**(297,492)**
Administration Fees												
Information Systems Charges	(44)	(38)	(12)	(3)	-	**(97)**	(55)	(43)	(7)	(4)	-	**(109)**
Telephone/Local Area Network	(162)	(139)	(44)	(12)	-	**(357)**	(196)	(152)	(24)	(15)	-	**(387)**
Space Rental Fees	(2,001)	-	(28)	(145)	-	**(2,174)**	(2,060)	-	(11)	(139)	-	**(2,210)**
Procurement	(51)	(552)	(404)	(3)	-	**(1,010)**	(224)	(442)	(150)	(1)	-	**(817)**
Total Administration Fees	**(2,258)**	**(729)**	**(488)**	**(163)**	**-**	**(3,638)**	**(2,535)**	**(637)**	**(192)**	**(159)**	**-**	**(3,523)**
Total Charges to Affiliates: Operating	**(710,702)**	**(1,202)**	**(76,507)**	**(37,278)**	**(5)**	**(825,694)**	**(246,966)**	**(1,153)**	**(16,041)**	**(36,855)**	**-**	**(301,015)**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Nalcor Energy ("Nalcor") and Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity.

[3] Other revenue includes energy sales to Lower Churchill, export sales revenue that is included in the SCVDA in the amount of $18.9 million (2024 - $18.6 million) and interest from Lower Churchill related to the Muskrat Falls PPA. In 2024, it also included the reimbursement from Hydro Non-Regulated related to the Nova Scotia Block Indemnity.

[4] Rate mitigation funding includes funding received of $150.0 million (2024: $150.3 million) associated with the drawing on the Government of Canada convertible debenture and $554.4 million (2024: $90.0 million) of internal funding transferred to Hydro Regulated for the purpose of rate mitigation, reducing the balance in the SCVDA. Please refer to the Agreements with Affiliated Entities section of this report.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Charges from Affiliates: Operating
For the Year Ended December 31, 2025
($000)[1]

	2025					2024				
	Exploits/ Menihek/ Non-Regulated[2]	Churchill Falls	Lower Churchill	Energy Marketing	Total	Exploits/ Menihek/ Non-Regulated[2]	Churchill Falls	Lower Churchill	Energy Marketing	Total
Labour	4,120	443	-	-	**4,563**	2,558	598	-	-	**3,156**
Other	(156)	46	-	-	**(110)**	(209)	41	-	11	**(157)**
Power Purchase[3,4,5,6]	24,911	1,793	1,218,634	-	**1,245,338**	28,419	1,590	1,023,944	-	**1,053,953**
Subtotal	**28,875**	**2,282**	**1,218,634**	**-**	**1,249,791**	**30,768**	**2,229**	**1,023,944**	**11**	**1,056,952**
Administration Fees										
Information Systems Charges	6,786	-	-	-	**6,786**	6,295	-	-	-	**6,295**
Human Resources Charges	747	-	-	-	**747**	712	-	-	-	**712**
Safety and Health Charges	465	-	-	-	**465**	473	-	-	-	**473**
Environment Charges	-	-	-	-	**-**	22	-	-	-	**22**
Business System Admin Fee	1,618	-	-	-	**1,618**	1,615	-	-	-	**1,615**
Accounts Payable Admin Fee	759	-	-	-	**759**	743	-	-	-	**743**
Shared Services Admin Fee	334	-	-	-	**334**	378	-	-	-	**378**
Executive Admin Fee	630	-	-	-	**630**	-	-	-	-	**-**
Total Administration Fees	**11,339**	**-**	**-**	**-**	**11,339**	**10,238**	**-**	**-**	**-**	**10,238**
Total Charges from Affiliates: Operating	**40,214**	**2,282**	**1,218,634**	**-**	**1,261,130**	**41,006**	**2,229**	**1,023,944**	**11**	**1,067,190**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Nalcor and Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity.

[3] Power Purchase excludes ponding energy or import energy purchases through Energy Marketing due to commercial sensitivities.

[4] Power Purchase from Lower Churchill includes costs associated with the Muskrat Falls PPA in the amount of $742.0 million (2024: $549.9 million). These costs are deferred in 1) the Power Purchase Expense Recognition Deferral - $423.9 million (2024: $276.6 million); 2) the Supply Cost Variance Deferral - $311.8 million (2024: $262.5 million); and 3) Sustaining Capital Deferral - $6.3 million (2024: $10.8 million) resulting in no impact on net income.

[5] Power Purchase from Lower Churchill includes costs associated with the Transmission Funding Agreement ("TFA") in the amount of $458.6 million (2024: $457.7 million). These costs are deferred in 1) the Power Purchase Expense Recognition Deferral Payable $2.2 million (2024: $9.6 million receivable); and 2) the Supply Cost Variance Deferral - $460.8 million (2024: $448.1 million) resulting in no impact on net income.

[6] Power Purchase includes Muskrat Falls Residual Block energy purchased to service Labrador customers that are included in the SCVDA in the amount of $17.9 million (2024: $16.3 million).

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Charges to Affiliates: Capital
For the Year Ended December 31, 2025
($000)[1]

	2025					2024				
	Exploits/ Menihek/ Non-Regulated[2]	Churchill Falls	Lower Churchill	Energy Marketing	Total	Exploits/ Menihek/ Non-Regulated[2]	Churchill Falls	Lower Churchill	Energy Marketing	Total
Labour	(1,363)	(227)	(124)	-	**(1,714)**	(1,032)	(145)	(179)	-	**(1,356)**
Other	(70)	(20)	(11)	-	**(101)**	(41)	(14)	(13)	-	**(68)**
Total Charges to Affiliates: Capital	**(1,433)**	**(247)**	**(135)**	**-**	**(1,815)**	**(1,073)**	**(159)**	**(192)**	**-**	**(1,424)**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Nalcor and Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Charges from Affiliates: Capital
For the Year Ended December 31, 2025
($000)[1]

	2025					2024				
	Exploits/ Menihek/ Non-Regulated[2]	Churchill Falls	Lower Churchill	Energy Marketing	Total	Exploits/ Menihek/ Non-Regulated[2]	Churchill Falls	Lower Churchill	Energy Marketing	Total
Labour	421	170	-	-	**591**	264	33	-	-	**297**
Other	41	13	-	-	**54**	33	2	-	-	**35**
CIAC	-	-	(190)	-	**(190)**	-	-	(178)	-	**(178)**
Total Charges from Affiliates: Capital	**462**	**183**	**(190)**	**-**	**455**	**297**	**35**	**(178)**	**-**	**154**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Nalcor and Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Payments to (Receipts from) Other Related Parties[1]
For the Year Ended December 31, 2025
($000)[2]

	2025	2024
Board of Commissioners of Public Utilities Costs	2,360	2,008
Government		
Debt Guarantee Fee	9,008	8,940
Interest on Long-Term Debt	28,698	27,450
Northern Strategic Plan	(3,000)	(2,714)
Total Government	34,706	33,676
Total Other Related Parties	**37,066**	**35,684**

[1] On an accrual basis.

[2] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Accounts Receivable (Payable)
As at December 31, 2025
($000)[1]

	2025						2024				
	Current	31–60	61–90	> 90	Total		Current	31–60	61–90	> 90	Total
Churchill Falls	(125)	-	-	-	**(125)**	Churchill Falls[2]	105	(6)	197	-	**296**
Oil & Gas	2	-	-	-	**2**	Oil & Gas	-	-	-	-	**-**
Bull Arm	-	-	-	-	**-**	Bull Arm	-	-	-	3	**3**
Energy Marketing	4,446	-	-	-	**4,446**	Energy Marketing	1,372	-	(40)	(40)	**1,292**
Lower Churchill	(4,165)	(643)	(132)	(12,774)	**(17,714)**	Lower Churchill	(903)	(358)	(159)	(14,397)	**(15,817)**
Hydro Non-Regulated[3]	(6,567)	-	-	-	**(6,567)**	Hydro Non-Regulated[3]	7,316	(5,048)	(5,094)	-	**(2,826)**
Other	-	-	-	35	**35**	Other	(0)	-	-	31	**31**
Total[4]	**(6,410)**	**(643)**	**(132)**	**(12,739)**	**(19,924)**	**Total**	**7,889**	**(5,412)**	**(5,096)**	**(14,403)**	**(17,022)**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Churchill Falls comparative figures are updated to reflect a reclassification of transactions between regulated and non-regulated subsequent to the completion of the 2024 Intercompany Transactions Report.

[3] Nalcor and Hydro were legislatively amalgamated effective January 1, 2025. As a result, comparative figures were updated to reflect the results of the combined entity.

[4] This section excludes accounts receivable or accounts payable from external related parties.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Other Receivables (Payables)
As at December 31, 2025
($000)[1]

	2025	2024
Energy Marketing		
Transmission Services Deposit Payable[2]	(2,204)	(2,204)
Lower Churchill		
TFA Contract Receivable[3]	5,125	2,927
Muskrat Falls PPA Contract Payable[4]	(1,148,197)	(725,836)
Total Lower Churchill	**(1,143,072)**	**(722,909)**
Total Other (Payables) Receivables	**(1,145,276)**	**(725,113)**

[1] Small differences from balances in prior periods not specifically noted are immaterial and in most cases are the result of rounding differences.

[2] Energy Marketing provides Hydro a cash deposit in advance of being provided transmission services by the Newfoundland and Labrador System Operator.

[3] The contract receivable balance represents the timing difference between the value of the energy and capacity delivered to Hydro and the contractual payments made under the TFA in the reporting period.

[4] The contract payable balance represents the timing difference between the value of the energy and capacity delivered to Hydro and the contractual payments made under the Muskrat Falls PPA in the reporting period.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Agreements With Affiliated Entities
For the Year Ended December 31, 2025

Listing of any contracts or agreements between Hydro and any affiliate, as well as any loans with related entities. Loan information provided includes the amount of the loan, the date of borrowing, the date of repayment, the interest rate, and the total interest paid.

On May 16, 2024, the province announced the finalization of its rate mitigation plan. The plan ensures domestic rate increases, for customers subject to Island Interconnected System rates, attributable to Hydro's costs are targeted at 2.25% per year up to and including 2030. The plan also requires that any additional rate mitigation funding required to mitigate Lower Churchill costs for the period up to and including 2030 come from Hydro's own sources, to the extent possible. Please refer to Order in Council OC2024-062.

The province also directed Hydro to retire the ending 2023 SCVDA balance of $271.3 million over the 2024–2026 period, and to transfer $90.6 million from Hydro Non-Regulated to Hydro Regulated in 2025 (2024: $90.0 million), as the first of the three annual amounts to retire the 2023 balance. Please refer to Order in Council OC2024-062.

In 2025, Hydro Regulated applied $704.4 million (2024 - $240.3 million) of rate mitigation funding from internal sources consisting of $150.0 million (2024: $150.3 million) associated with the drawing on the Government of Canada convertible debenture and $554.4 million (2024: $90.0 million) inclusive of $90.6 million of funding related to the retirement of the 2023 SCVDA (2024 - $90.0 million) for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

On November 21, 2025, the province issued long-term debt with a face value of $300.0 million, specifically on Hydro’s behalf. The debt matures on October 17, 2055, has a coupon rate of 4.60% paid semi-annually, and a sinking fund contribution requirement of 1.5% paid annually.

Newfoundland and Labrador Hydro
Inter-Affiliate Transactions Report
Methods Used to Determine Costs
For the Year Ended December 31, 2025

Labor Charges
Cost-based rates billed in accordance with Hydro's Intercompany Transaction Costing Guidelines.

Power Purchases/Other
In accordance with contract rates or Board of Commissioners of Public Utilities-approved rates, as applicable.

Admin Fees
Common costs allocated among lines of business based on applicable allocators.