



THE PREMIER
GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

April 22, 2026

Jennifer Williams
Chief Executive Officer
Newfoundland and Labrador Hydro
Hydro Place
500 Columbus Drive
St. John's, NL A1B 4K7
Email: jenniferwilliams@nlh.nl.ca

Dear Ms. Williams,

Affordability remains a top priority for the Government of Newfoundland and Labrador. We are committed to protecting households and businesses from rising costs, ensuring access to reliable and affordable essential services, and taking practical steps to mitigate cost-of-living pressures.

Recognizing that electricity rate decisions must advance affordability objectives while balancing considerations related to the ongoing reliability and viability of utilities, I am writing to outline Government's position to reduce the proposed July 1, 2026, electricity rate increase to customers through utilization of Newfoundland and Labrador Hydro's Rural Rate Alteration (RRA) account within the Supply Cost Variance Deferral Account (SCVDA).

The RRA account was established to reflect the revenue impacts associated with differences between rural and island electricity rates, and to ensure that those impacts were addressed in a manner consistent with approved rate setting practices and government policy.

Historically, balances in the RRA account were combined with other supply costs and addressed as part of the annual Rate Stabilization Plan (RSP) adjustment, incorporated collectively into the overall calculation of July 1 rate changes for Newfoundland Power customers. In 2021, the Public Utilities Board approved the inclusion of the RRA within the SCVDA where it is also incorporated collectively with other supply costs.

Since that time, the RRA has accumulated a significant credit balance - now approximately \$45 million. This magnitude of accumulated credit was not anticipated at the time the RRA was transitioned into the SCVDA and I understand it is not anticipated to accumulate similarly in the future with the filing of Newfoundland and Labrador Hydro's upcoming General Rate Application.

Government, Newfoundland and Labrador Hydro, and Newfoundland Power have been engaged in ongoing discussions regarding electricity rate affordability and the utilization of the RRA balance as a means to reduce the upcoming July 1 rate change.

Given the ongoing affordability challenges facing households and businesses across Newfoundland and Labrador we believe it is both reasonable and necessary that the credit balance currently held in the RRA account be applied to offset the Newfoundland Power portion of the projected July 1 rate increase. Doing so would reduce the overall increase faced by customers from a projected 7 per cent to the targeted 2.25 per cent, delivering meaningful near-term relief while longer-term solutions continue to be developed.

Accordingly, I ask that Newfoundland and Labrador Hydro work collaboratively with Newfoundland Power and the Public Utilities Board to request approval for the appropriate application of these credits for July 1, 2026. Government requests NL Hydro work with the Public Utilities Board so the PUB can determine the clear and transparent approach on the disposition of the RRA balance on a go-forward basis.

We are committed to protecting Newfoundland and Labrador families from undue cost increases, supporting rural sustainability, and ensuring that our energy system is managed responsibly, transparently, and in the public interest. I appreciate your cooperation on this matter and look forward to continued collaboration in support of these shared goals.

Please do not hesitate to engage with my office should further clarification be required.

Sincerely,



HONOURABLE TONY WAKEHAM
Premier of Newfoundland and Labrador
MHA, Stephenville-Port au Port