

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. 2(2025)**

1 **IN THE MATTER OF the Electrical Power**  
2 **Control Act, 1994**, SNL 1994, Chapter E-5.1  
3 (the “**EPCA**”) and the **Public Utilities Act**,  
4 RSNL 1990, Chapter P-47 (the “**Act**”), as  
5 amended, and regulations thereunder; and  
6

7 **IN THE MATTER OF** an Application by  
8 Newfoundland Power Inc. for the approval to  
9 flow-through the impacts of a revised wholesale  
10 rate from Newfoundland and Labrador Hydro,  
11 effective January 1, 2025.  
12  
13

14 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly organized  
15 and existing under the laws of the Province of Newfoundland and Labrador, is a public utility  
16 within the meaning of the **Act**, and is subject to the provisions of the **EPCA**; and  
17

18 **WHEREAS** on December 12, 2023 Newfoundland Power filed its 2025/2026 General Rate  
19 Application (the “2025/2026 GRA”) for, among other things, approval of its revenue requirement  
20 for the 2025 and 2026 Test Years; and  
21

22 **WHEREAS** on June 12, 2024 Newfoundland and Labrador Hydro (“Hydro”) and Newfoundland  
23 Power agreed, as part of a settlement agreement in Newfoundland Power’s 2025/2026 GRA, to  
24 file applications for approvals with respect to a new wholesale rate to be charged to  
25 Newfoundland Power; and  
26

27 **WHEREAS** on September 16, 2024 in compliance with the settlement agreement, Hydro filed an  
28 application requesting approval of a new wholesale rate to be charged to Newfoundland Power,  
29 effective January 1, 2025 (“Hydro’s Application”); and  
30

31 **WHEREAS** on September 16, 2024 in compliance with the settlement agreement, Newfoundland  
32 Power filed an application (the “Application”) requesting approval of:

- 1 (i) Revisions to the proposed 2025 and 2026 Test Year revenue requirements of  
 2 (\$11,783,000) and (\$6,756,000), respectively, associated with the implementation  
 3 of the revised wholesale rate effective January 1, 2025;  
 4
- 5 (ii) Revisions to the proposed 2025 and 2026 Test Year revenue requirements of  
 6 \$40,165,000 and \$35,495,000, respectively, associated with the rebasing of power  
 7 supply costs effective January 1, 2025; and  
 8
- 9 (iii) Revisions to the proposed 2025 and 2026 Test Year revenue requirements for  
 10 revenue shortfall and financing cost impacts associated with the proposals in (i)  
 11 and (ii); and  
 12

13 **WHEREAS** the Application was copied to Hydro and the Consumer Advocate, Dennis Browne, KC  
 14 (the “Consumer Advocate”); and  
 15

16 **WHEREAS** the Board and the Consumer Advocate issued requests for information which  
 17 Newfoundland Power answered on October 16, 2024; and  
 18

19 **WHEREAS** on October 23, 2024 Hydro advised that it had no comments on the Application; and  
 20

21 **WHEREAS** on October 25, 2024 the Consumer Advocate advised that he supported the  
 22 Application and stated that:  
 23

- 24 (i) the updated wholesale rate would lead to less volatility in July 1 rate adjustments  
 25 but not to a change in the cost of electricity;  
 26
- 27 (ii) the updated wholesale rate would not result in changes in efficiency for  
 28 Newfoundland Power; and  
 29
- 30 (iii) the Board should provide direction to Newfoundland Power to alter its retail rates  
 31 and to undertake a study on smart meters; and  
 32

33 **WHEREAS** on October 30, 2024 Newfoundland Power filed a reply requesting the Board approve  
 34 the Application as filed and replied to the Consumer Advocate’s comments as follows:  
 35

- 36 (i) the updated wholesale rate will provide lower supply costs for customers, as  
 37 compared to the current rate, through lower incremental energy costs;  
 38
- 39 (ii) the updated wholesale rate will better align with investment analyses that already  
 40 incorporate marginal costs; and  
 41
- 42 (iii) that revising Newfoundland Power customer rates to better reflect marginal costs  
 43 is not appropriate at this time and any changes in customer rate design will be

1 based on the ongoing rate design review and implementation of smart meters is  
2 not least-cost for customers at this time; and  
3

4 **WHEREAS** in Order No. P.U. 1(2025) the Board approved a revised wholesale rate to be charged  
5 by Hydro to Newfoundland Power, effective January 1, 2025; and  
6

7 **WHEREAS** the Board finds that changes in Newfoundland Power's rate designs should be made  
8 after the completion of the ongoing rate design review which will include a fulsome analysis of  
9 customer benefits and risks of change; and  
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11 **WHEREAS** the Board finds that Newfoundland Power's ongoing studies will inform future  
12 determinations with respect to the implementation of smart meters, which has not been shown  
13 to be least-cost at this time; and  
14

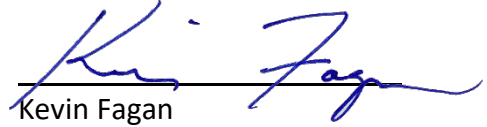
15 **WHEREAS** the Board is satisfied that Newfoundland Power should be permitted to recover supply  
16 and financing costs associated with the implementation of the new wholesale rate to be charged  
17 to Newfoundland Power effective January 1, 2025; and  
18

19 **WHEREAS** the Board is satisfied that revisions to Newfoundland Power's revenue requirement for  
20 the 2025 and 2026 Test Years to flow-through supply and financing costs associated with the new  
21 wholesale rate, including any revenue shortfall, should be addressed by Newfoundland Power in  
22 the proposals in the 2025/2026 GRA compliance application.  
23  
24

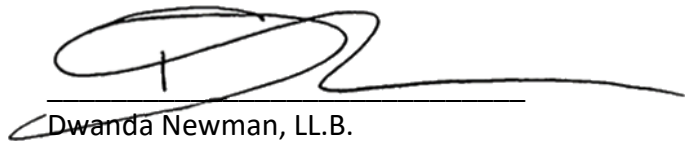
25 **IT IS THEREFORE ORDERED THAT:**  
26

- 27 1. Newfoundland Power's request to flow-through supply costs and financing costs associated  
28 with the approval in Order No. P.U. 1(2025) of a new wholesale rate to be charged to  
29 Newfoundland Power effective January 1, 2025, is approved.  
30
- 31 2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

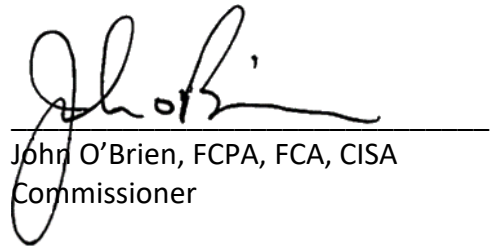
**DATED** at St. John's, Newfoundland and Labrador, this 16<sup>th</sup> day of January 2025.



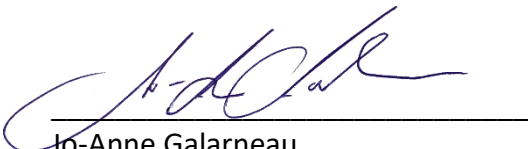
Kevin Fagan  
Chair and Chief Executive Officer



Dwanda Newman, LL.B.  
Vice-Chair



John O'Brien, FCPA, FCA, CISA  
Commissioner



Jo-Anne Galerneau  
Executive Director and Board Secretary