

1 Q. (Application for Approval to Defer the 2015, 2016 and 2017 Balances in the Isolated  
2 Systems Supply Cost Variance Deferral Account, the Energy Supply Cost Variance  
3 Deferral Account and the Holyrood Conversion Rate Deferral Account, April 13,  
4 2018 Letter to the Board) It is understood that the average residential rate today  
5 for Newfoundland Power customers is 11.7 cents/kWh. It is also understood that  
6 when Muskrat Falls comes into service the average residential rate for  
7 Newfoundland Power customers is forecast to be 22.9 cents/kWh. Please confirm  
8 that if it is assumed Hydro is granted the 2.8% base rate increase on July 1, 2018,  
9 the base rate increases needed to take rates from where they would be on July 1,  
10 2018 to 22.9 cents/kWh on Jan 1 2021 assuming equal increases on January 1,  
11 2019, January 1, 2020 and January 1, 2021 would be of the order of 24%. Please  
12 also confirm that for the case where Hydro is not granted the 2.8% interim base  
13 rate increase on July 1, 2018, the corresponding base rate increases needed to take  
14 rates from where they are today to the 22.9 cents/kWh on January 1, 2021 would  
15 be of the order of 25%.

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18 A. Hydro notes that the referenced rate of 22.9 cents/kWh assumes no rate mitigation  
19 efforts are undertaken by the provincial government. Hydro therefore does not  
20 expect the average residential rate for Newfoundland Power customers to be 22.9  
21 cents/kWh in 2021.

1           The 2.8% increase proposed by Hydro is a base rate change only. If the 2018 Utility  
 2           Customer Interim Rates Application is approved, customers will see an increase of  
 3           7.5% on July 1, 2018, which reflects the combination of a 2.8% base rate increase  
 4           and a 4.7% increase as a result of the Rate Stabilization Plan.

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 6           Table 1 shows the required end-customer increases to 2021 if Hydro’s 2018 Utility  
 7           Customer Interim Rates Application is approved and no rate mitigation efforts are  
 8           undertaken by the provincial government.

**Table 1 - Required Increases to 2021 Assuming Approval of Hydro’s Interim Rates Application and a Final Domestic Rate of 22.9 cents/kWh**

	<b>Current</b>	<b>Jul-18</b>	<b>Jan-19</b>	<b>Jan-20</b>	<b>Jan-21</b>
Rate Increase (%)		7.5%	22.1%	22.1%	22.1%
Domestic Rate (cent/kWh)	11.7	12.6	15.4	18.8	22.9

9           Table 2 shows the required end-customer increases to 2021 if Hydro’s 2018 Utility  
 10          Customer Interim Rates interim rate increase request of 2.8% is not approved, the  
 11          RSP rate increase of 4.7% is approved, and no rate mitigation efforts are  
 12          undertaken by the provincial government.

**Table 2 - Required Increases to 2021 Assuming Approval of RSP Adjustments Only and a Final Domestic Rate of 22.9 cents/kWh**

	<b>Current</b>	<b>Jul-18</b>	<b>Jan-19</b>	<b>Jan-20</b>	<b>Jan-21</b>
Rate Increase (%)		4.7%	23.2%	23.2%	23.2%
Domestic Rate (cent/kWh)	11.7	12.2	15.1	18.6	22.9