

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 Hydro is targeting a rate of 18 cents/kWh when Muskrat Falls comes into service
7 (see April 24, 2018 transcript, page 188, lines 1 to 6). Please confirm that if it is
8 assumed Hydro is granted the 2.8% base rate increase on July 1, 2018, the base rate
9 increases needed to take rates from where they would be on July 1, 2018 to 18
10 cents/kWh on January 1, 2021 assuming equal increases on January 1, 2019,
11 January 1, 2020 and January 1, 2021 would be of the order of 14%. Please also
12 confirm that for the case where Hydro is not granted the 2.8% interim base rate
13 increase on July 1, 2018, the corresponding base rate increases needed to take
14 rates from where they are today to 18 cents/kWh on January 1, 2021 would be of
15 the order of 15%.

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18 A. The 2.8% increase proposed by Hydro is a base rate change only. If the 2018 Utility
19 Customer Interim Rates Application is approved, customers will see an increase of
20 7.5% on July 1, 2018, which reflects the combination of a 2.8% base rate increase
21 and a 4.7% increase as a result of the Rate Stabilization Plan.

- 1 Table 1 shows the required end-customer increases to 2021 if Hydro's 2018 Utility
2 Customer Interim Rates Application is approved as filed.

Table 1 - Required Increases to 2021 Assuming Approval of Hydro's 2018 Interim Rates Application and a Final Domestic Rate of 18.0 cents/kWh

	Current	Jul-18	Jan-19	Jan-20	Jan-21
Rate Increase (%)		7.5%	12.7%	12.7%	12.7%
Domestic Rate (cent/kWh)	11.7	12.6	14.2	16.0	18.0

- 3 Table 2 shows the required end-customer increases to 2021 if Hydro's 2018 Utility
4 Customer Interim Rates interim rate increase request of 2.8% is not approved and
5 the RSP rate increase of 4.7% is approved.

Table 2 - Required Increases to 2021 Assuming Approval of 2018 RSP Adjustments Only and a Final Domestic Rate of 18.0 cents/kWh

	Current	Jul-18	Jan-19	Jan-20	Jan-21
Rate Increase (%)		4.7%	13.7%	13.7%	13.7%
Domestic Rate (cent/kWh)	11.7	12.2	13.9	15.8	18.0