

1 **Q. (Reference Application, 2022 Capital Plan, page 13) Footnote 36 states “On July 1,**  
 2 **2016, customer rates increased by 1.2% as a result of Newfoundland Power’s 2016/2017**  
 3 **GRA. Customer rates did not change as a result of its 2019/2020 GRA.”**  
 4

5 **a) What rate increase and rate of return did Newfoundland Power propose in its**  
 6 **2016/2017 GRA?**

7 **b) What rate increase and rate of return did Newfoundland Power propose in its**  
 8 **2019/2020 GRA?**

9 **c) What rate increase and rate of return is Newfoundland Power proposing in its**  
 10 **2022/2023 GRA? Please provide this figure with and without the adjustment for**  
 11 **the decreased load forecast.**  
 12

13 **A. a) In Newfoundland Power’s 2016/2017 General Rate Application (“GRA”), the**  
 14 **Company proposed that the Board approve an overall average increase in customer**  
 15 **rates of 3.1%, with effect from July 1, 2016 based upon, amongst other things, a rate**  
 16 **of return on average rate base for 2016 of 7.66% in a range of 7.48% to 7.84% and**  
 17 **for 2017 of 7.64% in a range of 7.46% to 7.82%.<sup>1</sup>**  
 18

19 **b) In Newfoundland Power’s 2019/2020 GRA, the Company proposed that the Board**  
 20 **approve an overall average increase in customer rates of 1.2%, with effect from**  
 21 **March 1, 2019 based upon, amongst other things, a rate of return on average rate base**  
 22 **for 2019 of 7.47% in a range of 7.29% to 7.65% and for 2020 of 7.49% in a range of**  
 23 **7.31% to 7.67%.<sup>2</sup>**  
 24

25 **c) In Newfoundland Power’s 2022/2023 GRA, the Company is proposing that the Board**  
 26 **approve an overall average increase in customer rates of 0.8%, with effect from**  
 27 **March 1, 2022 based upon, amongst other things, a rate of return on average rate base**  
 28 **for 2022 of 7.19% in a range of 7.01% to 7.37% and for 2023 of 6.97% in a range of**  
 29 **6.79% to 7.15%.<sup>3</sup>**  
 30

31 Newfoundland Power’s GRAs are based on its Customer, Energy and Demand  
 32 Forecast (“CED Forecast”).<sup>4</sup> The Company does not propose rate changes, or rates of  
 33 return on rate base, “with and without adjustments for decreased load forecasts.”  
 34 Therefore, the requested information cannot be provided.  
 35

36 Newfoundland Power can provide a breakdown of its proposed 0.8% rate change.

<sup>1</sup> See paragraph 11 of Newfoundland Power’s 2016/2017 GRA filed with the Board on October 16, 2015.

<sup>2</sup> See paragraph 11 of Newfoundland Power’s 2019/2020 GRA filed with the Board on June 1, 2018.

<sup>3</sup> See paragraph 14 of Newfoundland Power’s 2022/2023 GRA filed with the Board on May 27, 2021.

<sup>4</sup> See Volume 2 of Newfoundland Power’s 2022/2023 GRA filed with the Board on May 27, 2021 for the Company’s latest CED Forecast.

1 Table 1 provides a breakdown of Newfoundland Power’s proposed 0.8% rate change.

**Table 1**  
**Breakdown of 0.8% Rate Change**  
(%)

	<b>Change</b>
Proposed increase in return on equity <sup>5</sup>	1.5%
Variations in costs since last GRA <sup>6</sup>	2.0%
Recovery of wholesale supply costs from forecast energy sales <sup>7</sup>	(2.7%)
<b>Total</b>	<b>0.8%</b>

<sup>5</sup> Expert evidence filed with the Company’s 2022/2023 GRA recommends a fair return on equity for Newfoundland Power in 2022 and 2023 is 9.8% on a common equity ratio of 45%. See the Company’s 2022/2023 GRA, Volume 3, Cost of Capital: Mr. James Coyne, Concentric Energy Advisors Inc.

<sup>6</sup> This includes the cost of continued investment in the electrical system, increased operating costs and the effects of amortizations. See response to Request for Information CA-NP-088 for further information.

<sup>7</sup> A GRA requires forecast supply costs to be reconciled with forecast revenue from energy sales during the test period. Rebalancing 2022 and 2023 supply costs and revenue from energy sales results in a 2.7% decrease the revenue required from customer rates.