

- 1 Q. (Reference NLH-NP-034) It is stated “*In Newfoundland Power’s view, a rate design*  
2 *review should not commence prior to the resolution of these outstanding matters.*”  
3 Why is it appropriate to delay a rate design review and a load research study until  
4 Muskrat Falls-related issues are resolved but not the 2022-2023 GRA? Does  
5 Newfoundland Power believe that there is no need for customer rates to be fully-  
6 informed before being approved, or are customer rates of lesser importance than  
7 retail rate design and load research? Like Hydro, isn’t Newfoundland Power  
8 lacking “*critical information needed to develop proposed customer rates (footnote 3)*”?  
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- 10 A. Customer rates proposed in Newfoundland Power’s general rate application (“GRA”) are  
11 based on the Company’s proposed 2022 and 2023 revenue requirements, which are fully  
12 informed by the evidence filed with the 2022/2023 GRA.<sup>1</sup>  
13
- 14 Under existing customer rates, Newfoundland Power would not have a reasonable  
15 opportunity to earn a just and reasonable return pursuant to Section 80 of the *Public*  
16 *Utilities Act* (the “Act”).<sup>2</sup> Therefore, it would not be appropriate to delay consideration  
17 of the Company’s GRA until Muskrat Falls Project costs and reliability are addressed or  
18 until a final order on Hydro’s next GRA, which Hydro does not anticipate concluding  
19 before the end of 2023.<sup>3</sup>  
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- 21 For an assessment of the fairness of customer rates for each class of service, see  
22 Newfoundland Power’s cost of service study.<sup>4</sup>  
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- 24 For further information on load research and retail rate reviews, see responses to  
25 Requests for Information NLH-NP-030 to NLH-NP-034.

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<sup>1</sup> See paragraphs 14, 15 and 16 of the Application in the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits*. With respect to uncertainty of what effect the Muskrat Falls Project may have on future power supply costs, as well as the process Newfoundland Power will undertake if the Utility rate charged by Hydro changes subsequent to the Board’s order on the Company’s 2022/2023 GRA, see response to Request for Information CA-NP-004.

<sup>2</sup> See Section 80 of the Act and The Stated Case, June 15, 1998, Newfoundland and Labrador Court of Appeal.

<sup>3</sup> See response to Request for Information CA-NP-004.

<sup>4</sup> See the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 5.3.1 Embedded Cost of Service Study*.