

1 **Q. Reference: “2022/2023 General Rate Application,” Newfoundland Power, May 27,**  
2 **2021, Volume 1, Page 5-8, Lines 8-9 and Footnote 19.**

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4 **The evidence states:**

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6 **Newfoundland Power’s current customer rates largely reflect the**  
7 **recommendations of the Retail Rate Review.**

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9 **Footnote 19 indicates the retail rate review was completed in 2010.**

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11 **When is Newfoundland Power planning to complete a rate design review which will**  
12 **include consideration of the benefits of electrification in partnership with peak**  
13 **demand management?**

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15 A. The *Retail Rate Review* consisted of a comprehensive review of Newfoundland Power’s  
16 domestic and general service rates and an evaluation of alternative rates. The review  
17 commenced following Newfoundland Power’s *2008 General Rate Application* and was  
18 completed in 2010.

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20 A rate design review for Newfoundland Power’s customer rates will require knowledge  
21 of the Company’s future revenue requirement as well as future embedded and marginal  
22 costs. These costs are currently subject to government policy decisions related to the  
23 Muskrat Falls Project.<sup>1</sup> They are also subject to the outcome of the Board’s *Reliability*  
24 *and Resource Adequacy Study Review*<sup>2</sup> and Hydro’s next general rate application.<sup>3</sup>

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26 In Newfoundland Power’s view, a rate design review should not commence prior to the  
27 resolution of these outstanding matters.

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<sup>1</sup> On July 28, 2021 the governments of Canada and Newfoundland and Labrador announced an agreement in principle for the financial restructuring of the Muskrat Falls Project. The outcome of this agreement in principle will affect the extent of Muskrat Falls Project costs that will be recovered from Newfoundland Power’s customers.

<sup>2</sup> The Board’s ongoing *Reliability and Resource Adequacy Study Review* will consider the adequacy of bulk electricity supply on the Island Interconnected System including whether additional resources will be required to reliably serve Newfoundland Power’s customers.

<sup>3</sup> Hydro is required to file a general rate application (“GRA”) once Muskrat Falls Project costs and rate mitigation are known to establish a new Utility rate. In Order No. P.U. 15 (2020) the Board approved Hydro’s request to delay the filing of its GRA as Hydro lacked critical information needed to develop proposed customer rates. The Board directed Hydro to file quarterly updates with respect to the filing of its next GRA beginning on September 30, 2020. In Hydro’s June 30, 2021 update, Hydro indicated that it is still awaiting information on the financial restructuring of the Muskrat Falls Purchase Power Agreement and the completion of government’s rate mitigation plan and therefore did not have adequate information to file a fully informed GRA.