

1 **Q. Page 4, paragraph 19, of the Application states that based on discussions with**
2 **Newfoundland Power, the preliminary estimate of the overall average customer rate**
3 **impact resulting from Hydro’s proposed rate adjustments and Newfoundland**
4 **Power’s projected rate adjustments is approximately a 6.9% increase effective**
5 **July 1, 2023.**

6
7 **Please provide Newfoundland Power’s projected calculations of its Rate**
8 **Stabilization Account and Municipal Tax Adjustment factors and provide the**
9 **resulting rate impacts.**

10
11 A. See Attachment A for the projected calculation of Newfoundland Power’s Rate
12 Stabilization Adjustment. The calculation includes Newfoundland Power’s March 31,
13 2023 Rate Stabilization Account balance. The calculation also reflects proposals in
14 Hydro’s Application for July 1, 2023 Utility Rate Adjustments including: (i) a revised
15 RSP Current Plan Adjustment; (ii) a revised CDM Cost Recovery Adjustment; and (iii)
16 the continuation of the existing Muskrat Falls Project Cost Recovery Rider.

17
18 See Attachment B for the projected calculation of Newfoundland Power’s Municipal Tax
19 Adjustment Factor.

20
21 See Attachment C for the resulting projected customer rate impacts relating to changes in
22 Newfoundland Power’s Rate Stabilization Adjustment and Municipal Tax Adjustment
23 Factor as detailed in Attachments A and B, respectively.

**Calculation of Newfoundland Power's
Rate Stabilization Adjustment**

**Calculation of the Rate Stabilization Adjustment
effective July 1, 2023**

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2023 is calculated:

(i) by removing the previous Rate Stabilization Adjustment of 0.288 cents/kWh; and

(ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

RSP

$$B1 = \text{Amount billed by Hydro:} \quad 4.96 \quad \text{mills/kWh} \times \quad 5,605,834,862 \quad = \quad \$ \quad 27,804,941$$

CDM

$$B2 = \text{Amount billed by Hydro:} \quad 0.15 \quad \text{mills/kWh} \times \quad 5,508,828,724 \quad = \quad \$ \quad 826,324$$

Muskrat Falls Project Cost Recovery Rider

$$B3 = \text{Amount billed by Hydro:} \quad 7.98 \quad \text{mills/kWh} \times \quad 5,508,828,724 \quad = \quad \$ \quad 43,960,453$$

$$C = \text{Balance in the Applicant's RSA at March 31, 2023} \quad = \quad \$ \quad (5,082,749)$$

$$D = \text{Total Energy Sales by the Applicant from April 1, 2022 to March 31, 2023} \quad = \quad 5,718,811,000 \quad \text{kWh}$$

$$\begin{aligned} \text{Recovery Adjustment Factor} &= \frac{B1 + B2 + B3 + C}{D} \\ &= \frac{\$27,804,941 + \$826,324 + \$43,960,453 + \$ (5,082,749)}{5,718,811,000} \\ &= \begin{array}{l} 0.01180 \text{ \$/kWh or} \\ 1.180 \text{ cents/kWh} \end{array} \\ \text{Rate Stabilization Adjustment} &= \quad \mathbf{1.180 \text{ cents/kWh}} \end{aligned}$$

**Calculation of Newfoundland Power's
Municipal Tax Adjustment Factor**

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2023 to June 30, 2024**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2023 to June 30, 2024 is calculated as follows:

X	= Amount of all municipal taxes paid in 2022	=	\$17,646,380
Y	= Amount of Revenue earned in 2022 to which MTA factor shall apply, calculated as follows:		
	Normalized Revenue from rates for 2022	=	\$715,444,000
	Add: RSA Billings for 2022	=	\$17,845,000
	Add: 2022 Weather Normalization Revenue Adj.	=	(\$16,668,000)
	Less: Forfeited Discounts	=	\$2,635,000
Y	=		\$713,986,000
<i>Municipal Tax Adjustment Factor</i>		=	$\frac{X}{Y} + 1.00000$
		=	$\frac{\$17,646,380}{\$713,986,000} + 1.00000$
Municipal Tax Adjustment Factor		=	1.02472

Newfoundland Power Customer Rate Impacts

Newfoundland Power Inc.

Average Billing Impacts - Customer Rates
(Billing Amounts include RSA and MTA effective July 1, 2023)
(\$000s)

Category	Revenue Under <u>Existing Rates</u> (A) ¹	Revenue Under <u>Proposed Rates</u> (B) ²	<u>Change</u> (C) ³	<u>Average Impacts</u> (D) ⁴
1.1 Domestic	457,777	488,151	30,374	6.6%
1.1S Domestic Seasonal	1,805	1,921	116	6.4%
Total Domestic	<u>459,582</u>	<u>490,072</u>	<u>30,490</u>	<u>6.6%</u>
2.1 General Service 0-100 kW (110 kVA)	102,098	109,240	7,142	7.0%
2.3 General Service 110-1000 kVA	113,506	122,770	9,264	8.2%
2.4 General Service over 1000 kVA	39,404	43,021	3,617	9.2%
Total General Service	<u>255,008</u>	<u>275,031</u>	<u>20,023</u>	<u>7.9%</u>
4.1 Street and Area Lighting	16,930	17,137	207	1.2%
Forfeited Discounts	2,809	2,809	-	
Total	<u>734,329</u>	<u>785,049</u>	<u>50,720</u>	<u>6.9%</u>

¹ Column A is the revised 2023 test year forecast customer billings under Existing customer rates effective July 1, 2022.

² Column B is the revised 2023 test year forecast customer billings under the Proposed customer rates effective July 1, 2023.

³ Column C is the difference between forecast under Proposed and Existing rates (Column B - Column A).

⁴ Column D is the forecast rate change as a result of the change in RSA/MTA (Column C / Column A).