

- 1 **Q. Application, page 6, paragraph 25, states Hydro’s understanding that**
2 **Newfoundland Power’s subsequent application to update its Rate Stabilization**
3 **Account and Municipal Tax Adjustment factors, when combined with Hydro’s**
4 **proposals herein, will result in retail electricity rates continuing to be close to their**
5 **current levels after July 1, 2022.**
6
7 **a. Please provide Newfoundland Power’s calculations of its Rate Stabilization**
8 **Account and Municipal Tax Adjustment factors and provide the resulting rate**
9 **impacts.**
10
11 A. See Attachment A for the calculation of Newfoundland Power’s Rate Stabilization
12 Adjustment. The calculation includes Newfoundland Power’s March 31, 2022 Rate
13 Stabilization Account balance. The calculation also reflects proposals in Hydro’s
14 Application for July 1, 2022 Utility Rate Adjustments including: (i) a revised RSP
15 Current Plan Adjustment; (ii) a revised CDM Cost Recovery Adjustment; (iii) a Muskrat
16 Falls Project Cost Recovery Rider; and (iv) the discontinuance of Hydro’s RSP Fuel
17 Rider.
18
19 See Attachment B for the calculation of Newfoundland Power’s Municipal Tax
20 Adjustment Factor.
21
22 See Attachment C for the resulting customer rate impacts relating to changes in
23 Newfoundland Power’s Rate Stabilization Adjustment and Municipal Tax Adjustment
24 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, 2022**

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2022 is calculated:

- (i) by removing the previous Rate Stabilization Adjustment of 0.329 cents/kWh; and
- (ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

RSP					
B1 = Amount billed by Hydro:	(0.23)	mills/kWh ×	5,513,320,859	= \$	(1,268,064)
CDM					
B2 = Amount billed by Hydro:	0.35	mills/kWh ×	5,432,366,847	= \$	1,901,328
Muskrat Falls Project Cost Recovery Rider					
B3= Amount billed by Hydro:	7.98	mills/kWh ×	5,432,366,847	= \$	43,350,287
C = Balance in the Applicant's RSA at March 31, 2022				= \$	(27,812,298)
D = Total Energy Sales by the Applicant from April 1, 2021 to March 31, 2022				=	5,606,100,000 kWh

<i>Recovery Adjustment Factor</i>	=	$\frac{B1 + B2 + B3 + C}{D}$
	=	$\frac{\$(1,268,064)+\$1,901,328+\$43,350,287+\$(27,812,298)}{5,606,100,000}$
	=	0.00288 \$/kWh or 0.288 cents/kWh
Rate Stabilization Adjustment	=	0.288 cents/kWh

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

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2022 to June 30, 2023**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2022 to June 30, 2023 is calculated as follows:

X	=	Amount of all municipal taxes paid in 2021	=	\$18,332,196
Y	=	Amount of Revenue earned in 2021 to which MTA factor shall apply, calculated as follows:		
		Normalized Revenue from rates for 2021	=	\$713,303,000
		Add: RSA Billings for 2021	=	\$8,202,500
		Add: 2021 Weather Normalization Revenue Adj.	=	(\$21,125,000)
		Less: Forfeited Discounts	=	\$2,560,000
Y	=			\$697,820,500
		<i>Municipal Tax Adjustment Factor</i>	=	$\frac{X}{Y} + 1.00000$
			=	$\frac{\$18,332,196}{\$697,820,500} + 1.00000$
		Municipal Tax Adjustment Factor	=	1.02627

Newfoundland Power Customer Rate Impacts

Newfoundland Power Inc.

Average Billing Impacts - Customer Rates
(Billing Amounts include RSA and MTA effective July 1, 2022)
(\$000s)

Category	Revenue Under Existing Rates (A)¹	Revenue Under Proposed Rates (B)²	Change (C)³	Average Impacts (D)⁴
1.1 Domestic	458,900	457,778	(1,122)	-0.2%
1.1S Domestic Seasonal	1,810	1,805	(5)	-0.3%
Total Domestic	460,710	459,583	(1,127)	-0.2%
2.1 General Service 0-100 kW (110 kVA)	102,366	102,098	(268)	-0.3%
2.3 General Service 110-1000 kVA	113,866	113,506	(360)	-0.3%
2.4 General Service over 1000 kVA	39,547	39,404	(143)	-0.4%
Total General Service	255,779	255,008	(771)	-0.3%
4.1 Street and Area Lighting	16,930	16,930	-	0.0%
Forfeited Discounts	2,809	2,809	-	
Total	736,228	734,330	(1,898)	-0.3%

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

² Column B is the revised 2023 test year forecast customer billings under the Proposed customer rates effective July 1, 2022.

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).