

1 Q. Further to IIC-NLH-002, please provide a calculation of the wholesale amounts paid by
2 Newfoundland Power each month under both the existing approach and the proposed approach
3 for this period. Please also show the impact on the January 1 and July 1 Newfoundland Power
4 customer rate changes between the following three scenarios for all of 2025 and 2026,
5 indicating the "reduction in potential volatility" cited in the Hydro Application, paragraph 12 - (a)
6 the existing wholesale rate design without wholesale rate "rebasing" per the NP GRA, (b) the
7 existing approach with wholesale rate rebasing, and (c) the NLH proposed revision to the
8 wholesale rate with rebasing.

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11 A. *This response was provided by Newfoundland Power Inc.*

12 Newfoundland and Labrador Hydro's response to IC-NLH-002 of this proceeding provides the
13 requested monthly information.

14 With regards to reduced customer rate volatility, Table 1 illustrates that the revised wholesale
15 rate will result in less volatility in the annual July 1st rate adjustments.¹

¹ Variances in actual energy purchases from test year amounts are charged, or credited, to customers through the annual July 1st rate adjustment.

**Table 1:
Customer Rate Volatility Illustration
Current vs. Revised Wholesale Rate
(Based on 2026 Test Year Data)**

	Current	Revised
Second block wholesale rate (¢/kWh) ²	18.165	5.460
Average energy rate (¢/kWh) ³	7.545	7.430
Difference (¢/kWh)	10.620	(1.970)
Energy purchases variance (GWh) ⁴	+100	+100
Power Supply Cost Variance (\$000s) ⁵	10,620	(1,970)
Customer Rate Impact ⁶	1.2%	(0.2%)

1 Based on the illustration, July 1 customer rates could vary by $\pm 0.2\%$ based on a variance in
2 energy purchases of ± 100 GWh under the revised wholesale rate.⁷ The customer rate volatility
3 impact of $\pm 0.2\%$ is 1% lower than the volatility of $\pm 1.2\%$ being experienced under the current
4 wholesale rate, based on a variance in energy purchases of ± 100 GWh.

² For the purposes of the analysis, a weighted average second block was used in the revised wholesale rate scenario. Actual variances will be determined based on monthly variances in energy purchases and second block rates, consistent with current practice.

³ Determined by dividing total 2026 test year purchased power energy costs by total energy purchases.

⁴ For the purposes of this illustration, a variance of +100 GWh is used. A variance of -100 GWh would have the opposite effect.

⁵ Determined by multiplying the energy purchases variance by the difference between the second block wholesale rate and the average energy rate.

⁶ Determined by dividing the variance amount by existing customer billings (July 1, 2024) of \$884.0 million.

⁷ As the second block energy rate is less than the average energy rate, a positive variance in energy purchases will result in a negative variance in customer rates and vice versa.

1 Table 2 provides estimated customer rate impacts for 2025 and 2026 related to power supply
2 costs for the requested scenarios.

Table 2:
Power Supply Costs Recovery
Estimated Customer Rate Impacts
2025 and 2026 Forecast⁸

	2025⁹	2026¹⁰
Current wholesale rate, no rebasing	0.5%	0.5%
Current wholesale rate, rebasing	4.8%	(1.4%)
Revised wholesale rate, rebasing	4.8%	(4.3%)

⁸ Customer rates changes are expected to occur on July 1st of each year. The customer rate impacts in each scenario are based on the base rate impacts associated with rebasing power supply costs as well as the customer rate impacts associated with the movement in Newfoundland Power’s Energy Supply Cost Variance (“ESCV”) account in 2024 (from 2023) and 2025 (from 2024), which impact the July 1st customer rate adjustment for 2025 and 2026, respectively.

⁹ The customer rate impact of 0.5% is the result of an increase in the ESCV from 2023 to 2024 which is constant across the scenarios.

¹⁰ There is a larger customer rate decrease in 2026 associated with rebasing under the revised wholesale rate scenario compared to the current wholesale rate scenario due to (i) the revised wholesale rate resulting in lower power supply costs in 2025 and (ii) power supply costs being rebased as of January 1, 2025 in the revised wholesale rate scenario compared to July 1, 2025 in the current wholesale rate scenario.