

Board of Commissioners of Public Utilities
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Attention: Ms. Cheryl Blundon
Director - Corporate Services & Board Secretary

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June 21, 2018

Dear Ms. Blundon,

Re: Newfoundland Power Inc.
2018 Proposed Changes to Customer Rates

INTRODUCTION AND SCOPE

We have completed our review of Newfoundland Power Inc.'s (the "Company") Application on June 11, 2018 ("Application") requesting approval of the Rate Stabilization Adjustment ("RSA") and Municipal Tax Adjustment ("MTA") to be applied to the rates of the Company for the period July 1, 2018 to June 30, 2019 pursuant to Section 71 of the Public Utilities Act. We also reviewed the incorporation of the Utility base rates submitted by Newfoundland and Labrador Hydro ("Hydro") on April 20, 2018 and approved by the Board in Order No. P.U. 15 (2018).

Our procedures were focused on ensuring the methodology and calculations relating to the RSA, the MTA and Utility base rates were in compliance with Board Orders. More specifically, our procedures with respect to confirming the Company's calculations in Schedules 2 and 3 included agreeing the various components to source data.

The scope of our review is as follows.

1. Confirm the calculation, found in Schedule 2, of the Rate Stabilization Adjustment ("RSA") of 0.285 cents per kWh;
2. Confirm the calculation, found in Schedule 3, of the Municipal Tax Adjustment ("MTA") factor of 1.02624;
3. Ensure the calculations included in Schedules 2 and 3 are in accordance with Board Orders;

4. Ensure the Company's schedule of Rates, Rules and Regulations as set out in Schedule 4 incorporates the increase in the Utility base rate approved by the Board in Order No. P.U. 15 (2018), and the 2018 RSA and MTA adjustments included in the Application.

FINDINGS:

Utility Base Rates, RSA and MTA

Based upon the results of our procedures we can advise that we did not note any discrepancies in the calculations or methodology and therefore:

- Confirm that the Company's calculation in Schedule 2 of the Application, which represents the Rate Stabilization Adjustment effective July 1, 2018 of 0.285 cents per kWh, is appropriate.
- Confirm that the Fuel Rider, the March 31st Balance effective July 1, 2018, and the CDM Cost Recovery Adjustment are appropriately incorporated into the calculation of the Rate Stabilization Adjustment.
- Confirm that the RSP Mitigation Adjustment of (0.911) cents per kWh is appropriately excluded from the calculation of the Rate Stabilization Adjustment (i.e. there is no RSP Mitigation Adjustment included in the July 1, 2018 rates).
- Confirm that the Company's calculation in Schedule 3 of the Application, which represents the Municipal Tax Adjustment factor effective July 1, 2018 of 1.02624, is appropriate.
- Confirm that the Company's schedule of Rates, Rules and Regulations as set out in Schedule 4 incorporates the Utility base rate approved by the Board in Order No. P.U. 15 (2018), and the 2018 RSA and MTA adjustments included in the Application.

I trust this is the information you requested. If you have any questions please contact me.

Yours sincerely,
Grant Thornton LLP



Steve Power, CPA, CA
Partner