

1 Q. (page 1-7, lines 20 to 21) Did NP consider the impact of its application and proposed
2 rate increase in the context of the large upcoming rate increase owing to the
3 Muskrat Falls project and during a period of time when the provincial economy is
4 in a fragile state? Did NP consider that its proposed rate increase is “piling it on
5 customers” at a time when they can least afford it?

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7 A. By Order No. P.U. 18 (2016), Newfoundland Power was obligated to file its next General
8 Rate Application no later than June 1, 2018. Order No. P.U. 18 (2016) is consistent with
9 past practice of the Board, which typically entails a triennial review of Newfoundland
10 Power’s costs and the establishment of customer rates reflective of those costs.

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12 Newfoundland Power’s *2019/2020 General Rate Application* complies with Order No.
13 P.U. 18 (2016). The proposed average customer rate increase of 1.2% reflects changes in
14 the Company’s cost of providing service to customers since 2016. This includes a fair
15 return for Newfoundland Power based on the recommendations of Mr. James Coyne of
16 Concentric Energy Advisors. These recommendations follow a review of capital market
17 conditions and an assessment of the Company’s business and financial risk.

18
19 Newfoundland Power recognizes that rising electricity costs impact its customers. The
20 *2019/2020 General Rate Application* reflects the Company’s efforts to manage its costs
21 while providing reliable and responsive service to customers. Further details on the
22 Company’s efforts to manage its costs are provided in responses to Requests for
23 Information PUB-NP-002 and PUB-NP-003.

24
25 Newfoundland Power does not consider its compliance with Order No. P.U. 18 (2016),
26 coupled with its efforts to manage its costs, to be “piling it on customers.”