

June 14, 2022

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Dear Ms. Blundon:

Re: Application for July 1, 2022 Customer Rates

The Application

The application requests approval of: (i) the rate stabilization and municipal tax adjustments to be applied to customer electricity rates for the period July 1, 2022 to June 30, 2023; (ii) a schedule of customer electricity rates for Newfoundland Power to be effective as of July 1, 2022; and (iii) revisions to Newfoundland Power's Rate Stabilization Clause (the "Application").

The proposed customer electricity rates are determined in accordance with the proposed revisions to the Rate Stabilization Clause included in the Company's *Schedule of Rates, Rules & Regulations*. The revisions are necessary to reflect Newfoundland and Labrador Hydro's ("Hydro") *Application for July 1, 2022 Utility Rate Adjustments* ("Hydro's Application") which proposes changes in the wholesale electricity rate charged by Hydro to Newfoundland Power, effective July 1, 2022.

Hydro's Application was filed on May 27, 2022 in accordance with the normal practice of revising the wholesale electricity rate each July 1st for the operation of Hydro's *Rate Stabilization Plan and Conservation and Demand Management Adjustment* ("RSP/CDM Rate Adjustments"). Hydro's Application also includes the elimination of the RSP Fuel Rider and the introduction of the Muskrat Falls Project Cost Recovery Rider which enables Hydro to begin recovery of Muskrat Falls Project costs from customers.

Newfoundland Power Inc.

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Customer Rate Impacts

The average decrease to customers' bills resulting from the proposed rate stabilization and municipal tax adjustments is approximately 0.3%. The impact on customers' bills will vary by customer and rate class.

The 0.3% decrease in customer electricity rates is the result of:

1. A 4.7% decrease reflecting Hydro's updated RSP/CDM Rate Adjustments.
2. A 1.7% decrease reflecting the decrease in Newfoundland Power's RSA balance and update to its MTA factor.
3. A 6.1% increase reflecting Hydro's Muskrat Falls Project Cost Recovery Rider.

Further details of the proposed changes to existing Customer Rates and the *Schedule of Rates, Rules & Regulations* can be found in the report *Proposed Changes to Customer Rates* included as Schedule 1 to the Application.

Conclusion

In order to facilitate timely implementation of the rates proposed in this Application, Newfoundland Power is submitting this Application in advance of the Board issuing an order on Hydro's Application.

We trust that the foregoing and enclosed are found to be in order. If you have any questions, please feel free to contact the undersigned.

Yours truly,



Dominic Foley
Legal Counsel

Enclosure

c. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, QC
Consumer Advocate

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IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application pursuant to Sections 70 and 71 of the Act (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of: (i) the rate stabilization and municipal tax adjustments to be applied to electricity rates for the period July 1, 2022 to June 30, 2023; (ii) a schedule of customer electricity rates (“Customer Rates”) for Newfoundland Power to be effective on July 1, 2022; and (iii) revisions to Newfoundland Power’s Rate Stabilization Clause.

TO: The Board of Commissioners of Public Utilities (the “Board”)

THE APPLICATION OF Newfoundland Power **SAYS THAT:**

A. Background

1. Newfoundland Power is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The Act provides that the Board has the general supervision of public utilities and requires that a public utility, in effect, submit for the approval of the Board the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. By Order No. P.U. 34 (1985), the Board approved Newfoundland Power’s establishment of a Rate Stabilization Account (“RSA”). The Rate Stabilization Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the balance in the RSA and the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
4. By Order No. P.U. 17 (1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but collected through a Municipal Tax Adjustment (“MTA”) factor included in the rates of Newfoundland Power. The Municipal Tax Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA factor.

5. Newfoundland and Labrador Hydro (“Hydro”) maintains a Retail Rate Stabilization Plan (“RSP”) to smooth rate impacts for certain variations between actual results and Hydro’s test year cost of service estimates for hydraulic production, fuel costs, customer load and rural rates.
6. In Order No. P.U. 40 (2003), the Board approved amendments to the RSP, including the introduction of a component to reflect the difference between projected fuel prices and test year values (the “RSP Fuel Rider”).
7. In Order No. P.U. 4 (2022), the Board approved Hydro’s RSP Rules for Balance Disposition to provide for the disposition of balances accumulated up to October 31, 2021. The newly approved RSP Rules for Balance Disposition also incorporated the elimination of the RSP Fuel Rider.
8. On May 16, 2022, the Government of Newfoundland and Labrador issued Order in Council OC2022-120 permitting Hydro to begin recovery of Hydro’s payments under the Muskrat Falls Power Purchase Agreement associated with the commissioning of the Muskrat Falls Hydroelectric Generating Facility and the Labrador Transmission Assets, which costs would be recovered through rates charged to Island Interconnected System customers.
9. On May 27, 2022, Hydro filed an application to increase the Utility Rate effective July 1, 2022. Hydro’s application included Utility RSP and Conservation and Demand Management (“CDM”) rate adjustments, the elimination of the RSP Fuel Rider and the introduction of a Muskrat Falls Project Cost Recovery Rider.

B. The Rate Stabilization Adjustment

10. The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect: (i) the accumulated balance in the RSA as of March 31st of the current year; (ii) any change in the Utility Rate charged by Hydro to Newfoundland Power as a result of the operation of the RSP; (iii) the portion of Hydro’s CDM costs to be recovered from Newfoundland Power’s customers (the “CDM Cost Recovery Adjustment”); and (iv) any other rate adjustments approved by the Board.
11. The accumulated balance in the RSA as of March 31, 2022 includes: (i) the disposition of a credit balance of \$2,019,716 accrued in the Weather Normalization Reserve in 2021 in accordance with Order No. P.U. 11 (2022); and (ii) the disposition of a debit balance of \$1,342,414 in the Demand Management Incentive Account in 2021 in accordance with Order No. P.U. 10 (2022).
12. The current Rate Stabilization Clause and the Rate Stabilization Adjustment of 0.329 ¢/kWh included in Newfoundland Power’s Customer Rates for the period July 1, 2021 to June 30, 2022 were approved by the Board in Order No. P.U. 23 (2021).

C. The Municipal Tax Adjustment

13. The current Municipal Tax Clause was approved by the Board in Order No. P.U. 18 (2004). The MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities.
14. The MTA factor of 1.02559 included in Newfoundland Power's Customer Rates for the period July 1, 2021 to June 30, 2022 was approved by the Board in Order No. P.U. 23 (2021).

E. Rate Stabilization Clause

15. The elimination of Hydro's RSP Fuel Rider and the introduction of a Muskrat Falls Project Cost Recovery Rider, as proposed in Hydro's May 27, 2022 application, necessitates revisions to Newfoundland Power's Rate Stabilization Clause.
16. In Order No. P.U. 17 (2020), the Board approved: (i) a Customer Bill Credit Fund of \$47,723,550; (ii) a One-Time Customer Bill Credit Plan applicable to Newfoundland Power customers receiving service on July 1, 2020; and (iii) an amendment to the Rate Stabilization Clause to account for any variance between the Customer Bill Credit Fund and the total amount of bill credits provided to Newfoundland Power customers.
17. In Order No. P.U. 23 (2021), the Board approved Newfoundland Power's *Schedule of Rates, Rules & Regulations*, including a revised Rate Stabilization Adjustment effective July 1, 2021 to June 30, 2022. The Rate Stabilization Adjustment for the period included a December 2020 RSA credit transfer of \$321,225 reflecting the variance between the Customer Bill Credit Fund and the total amount of bill credits provided to Newfoundland Power customers. On June 30, 2022, all matters pertaining to the One-Time Bill Credit will conclude.

D. Schedules to the Application

18. Schedule 1 to this Application outlines the methodology used by Newfoundland Power to modify its Customer Rates for the recalculated Rate Stabilization Adjustment and MTA factor.
19. Schedule 2 presents the calculation of the Rate Stabilization Adjustment of 0.288 ¢/kWh proposed in the Application to be used by Newfoundland Power in billing customers for the period July 1, 2022 to June 30, 2023.
20. Schedule 3 presents the calculation of the MTA factor of 1.02627 proposed in the Application to be used by Newfoundland Power in billing customers for the period July 1, 2022 to June 30, 2023.

21. Schedule 4 sets out the Customer Rates proposed by Newfoundland Power to be effective on all electrical consumption on and after July 1, 2022.
22. Schedule 5 contains a proposed Rate Stabilization Clause to be effective July 1, 2022 which addresses: (i) the elimination of the RSP Fuel Rider; (ii) the introduction of the Muskrat Falls Project Cost Recovery Rider proposed in Hydro's Application; and (iii) the conclusion of the One-Time Bill Credit.

E. Reasons for Approval

23. Approval by the Board of: (i) the Rate Stabilization Adjustment, (ii) the MTA factor, (iii) the Customer Rates, and (iv) the revised Rate Stabilization Clause, all as proposed in the Application will permit cost recovery as provided for, and intended by, the Act, the *Electrical Power Control Act, 1994* and the Orders of the Board as set out in the Application.

F. Order Requested

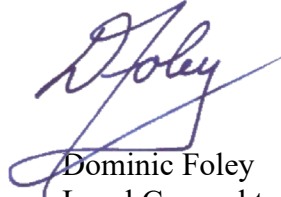
24. Newfoundland Power requests that the Board approve:
 - (i) the Rate Stabilization Adjustment of 0.288 ¢/kWh and the MTA factor of 1.02627 as set out in Schedules 2 and 3 to the Application, to be applied to all bills based on electrical consumption on and after July 1, 2022;
 - (ii) pursuant to Section 70(1) of the Act, the schedule of rates, tolls and charges to be effective on all electrical consumption on and after July 1, 2022 as set out in Schedule 4 to the Application; and
 - (iii) pursuant to Section 71 of the Act, the amendments to the rules and regulations governing Newfoundland Power's provision of service to its customers, as set out in Schedule 5 to the Application.

G. Communications

25. Communications with respect to the Application should be sent to Dominic Foley, Legal Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland and Labrador, this 14th day of June, 2022.

NEWFOUNDLAND POWER INC.



Dominic Foley
Legal Counsel to Newfoundland Power
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IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application pursuant to Sections 70 and 71 of the Act (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of: (i) the rate stabilization and municipal tax adjustments to be applied to electricity rates for the period July 1, 2022 to June 30, 2023; (ii) a schedule of customer electricity rates (“Customer Rates”) for Newfoundland Power to be effective on July 1, 2022; and (iii) revisions to Newfoundland Power’s Rate Stabilization Clause.

AFFIDAVIT

I, Michael Comerford, of the City of Mount Pearl, in the Province of Newfoundland and Labrador, Professional Engineer, make oath and say as follows:

1. THAT I am the Manager, Regulation of Newfoundland Power Inc.;
2. THAT I have read and understand the foregoing Application; and
3. THAT to the best of my knowledge, information and belief, all matters, facts and things set out in the Application are true.

SWORN TO before me at St. John’s
in the Province of Newfoundland and Labrador
this 14th day of June 2022:

Barrister



Michael Comerford

IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application pursuant to Sections 70 and 71 of the Act (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of: (i) the rate stabilization and municipal tax adjustments to be applied to electricity rates for the period July 1, 2022 to June 30, 2023; (ii) a schedule of customer electricity rates (“Customer Rates”) for Newfoundland Power to be effective on July 1, 2022; and (iii) revisions to Newfoundland Power’s Rate Stabilization Clause.

**Proposed Changes to Customer Rates
July 1, 2022**

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1.0 Background

Newfoundland Power Inc.'s ("Newfoundland Power" or the "Company") electricity rates ("Customer Rates") are adjusted each year, effective July 1st. The annual adjustment to Customer Rates is required to incorporate: (i) an updated Rate Stabilization Adjustment; and (ii) an updated Municipal Tax Adjustment ("MTA") factor.¹

The annual July 1st rate adjustment corresponds with the annual change to the wholesale electricity rate (the "Utility Rate") charged by Newfoundland and Labrador Hydro ("Hydro") to Newfoundland Power. The Utility Rate is adjusted each July 1st as a result of the operation of Hydro's Rate Stabilization Plan ("RSP") and Hydro's Conservation and Demand Management ("CDM") Cost Recovery Adjustment (collectively, the "RSP/CDM Rate Adjustments").²

On May 27, 2022, Hydro filed its *Application for July 1, 2022 Utility Rate Adjustments* ("Hydro's Application"). In addition to updates to Hydro's RSP/CDM Rate Adjustments, Hydro's Application included: (i) a new Muskrat Falls Project Cost Recovery Rider to begin to recover costs associated with the Muskrat Falls Project;³ and (ii) the elimination of the RSP Fuel Rider.⁴

Customer Rates currently reflect an MTA factor of 1.02559 and a Rate Stabilization Adjustment of 0.329 ¢/kWh. The Rate Stabilization Adjustment is based on: (i) a (0.146) ¢/kWh fuel rider adjustment; and (ii) a recovery adjustment factor of 0.475 ¢/kWh.⁵ Newfoundland Power's current customer rates were approved by the Board in Order No. P.U. 3 (2022) and became effective March 1, 2022.⁶

The July 1, 2022 rate change requested in this Application is based upon: (i) a change in the Rate Stabilization Adjustment; and (ii) a change in the MTA factor. The relevant calculations are provided in Schedules 2 and 3.

¹ See the *Rate Stabilization Clause* and the *Municipal Tax Clause* in the *Newfoundland Power Schedule of Rates, Rules & Regulations*, effective March 1, 2022.

² The Utility Rate consists of: (i) a base rate; and (ii) the RSP/CDM Rate Adjustments. The RSP Rate Adjustment primarily reflects variances between Hydro's test year and actual fuel costs. Order No. P.U. 40 (2003) sets out the manner by which the RSP is calculated and applied to the Utility Rate that Hydro charges Newfoundland Power. In Order No. P.U. 49 (2016), the Board approved the recovery of Hydro's conservation and demand management costs through a rate adjustment. In Order No. P.U. 4 (2022) the Board approved the discontinuance of Hydro's existing RSP Rules and approved the RSP Rules for Balance Disposition to provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board.

³ See Hydro's Application, pages 5-6, paragraphs 21-26.

⁴ See Hydro's Application, page 3, paragraphs 10-11.

⁵ Newfoundland Power's MTA factor and Rate Stabilization Adjustment for the period July 1, 2021 to June 30, 2022 were approved by the Board in Order No. P.U. 23 (2021).

⁶ Current customer rates reflect the conclusion of Newfoundland Power's 2022/2023 General Rate Application and the continuation of the MTA factor and Rate Stabilization Adjustment approved in Order No. P.U. 23 (2021).

2.0 RSA/MTA Rate Change

2.1 Rate Stabilization Adjustment

The Rate Stabilization Adjustment has traditionally been recalculated on July 1st of each year to reflect: (i) any change in Hydro's RSP/CDM Rate Adjustments; and (ii) the accumulated balance in Newfoundland Power's Rate Stabilization Account ("RSA") as of March 31st of the current year.⁷

Hydro's Application is in accordance with the recently approved RSP Rules for Balance Disposition.⁸ The RSP Rules for Balance Disposition incorporated: (i) the cessation of supply cost variance activity in the RSP after October 31, 2021; (ii) the disposition of the December 31, 2021 balance in the Hydraulic Production Variation component of Hydro's RSP current plan balance over a fixed 4-year period; and (iii) the elimination of the RSP Fuel Rider.

Hydro's Application also included a new Muskrat Falls Project Cost Recovery Rider to enable the recovery of Muskrat Falls Project costs from customers.⁹

A breakdown of Hydro's proposed July 1, 2022 rate adjustments is provided in Table 1.¹⁰

Table 1
Hydro Rate Adjustments
(¢/kWh)

	Existing	Change	Proposed
RSP Fuel Rider	(0.151)	0.151	0.000
RSP Current Plan Adjustment	0.749	(0.772)	(0.023)
CDM Cost Recovery Adjustment	0.031	0.004	0.035
Muskrat Falls Project Cost Recovery Rider	0.000	0.798	0.798
Total Rate Adjustments	0.629	0.181	0.810

⁷ Historically, the July 1st RSP Rate Adjustment to be incorporated in Newfoundland Power's annual Rate Stabilization Adjustment has consisted of 2 elements. The 1st element recovers the existing balance in Hydro's RSP as of March 31st. The 2nd element reflects Hydro's current forward-looking forecast for Holyrood fuel, generally referred to as the "fuel rider". The CDM Cost Recovery Adjustment was approved by the Board in Order No. P.U. 49 (2016).

⁸ The RSP Rules for Balance Disposition was approved by the Board in Order No. P.U. 4 (2022). It establishes the rules for recovering RSP balances from Hydro's customers. It provides for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board.

⁹ In support of the new rider, Hydro filed Order in Council OC2022-120 which permits Hydro to begin recovery of payments under the Muskrat Falls Power Purchase Agreement. Hydro also filed correspondence from the Government of Newfoundland and Labrador (the "Government") which requested that Hydro file its RSP updates with a view to maintaining retail electricity rates as close to current levels as possible after July 1, 2022. Order in Council OC2022-120 and the Government correspondence were filed as Schedule 2 and 3 of Hydro's Application, respectively.

¹⁰ See Hydro's Application, *Schedule 1 – Evidence Supporting Proposed Utility Rate Adjustments, Section 5.0 – Supply Cost Variance Deferral Account – Project Cost Recovery Rider, Page 6, Table 2.*

Hydro's Application proposes RSP/CDM Rate Adjustments and a Muskrat Falls Project Cost Recovery Rider totaling 0.810 ¢/kWh.

The 0.181 ¢/kWh increase in Hydro's Total Rate Adjustments translates to a 0.177 ¢/kWh increase in the Rate Stabilization Adjustment for Newfoundland Power's customers.¹¹

Table 2 provides the proposed Rate Stabilization Adjustment reflecting Newfoundland Power's: (i) fuel rider adjustment; and (ii) recovery adjustment factor.

Table 2
Rate Stabilization Adjustments
(¢/kWh)

	Existing	Change	Proposed
Fuel Rider Adjustment	(0.146)	0.146	0.000
Recovery Adjustment Factor ¹²	0.475	(0.187)	0.288
Rate Stabilization Adjustment	0.329	(0.041)	0.288

The Application proposes a Rate Stabilization Adjustment of 0.288 ¢/kWh to be effective July 1, 2022.

The total change in the Rate Stabilization Adjustment of (0.041) ¢/kWh is 0.218 ¢/kWh lower than the total impact of Hydro's July 1, 2022 rate adjustments of 0.177 ¢/kWh.¹³ The difference is due to a decrease in the balance of Newfoundland Power's RSA as of March 31, 2022 relative to the balance reflected in existing Customer Rates.¹⁴

¹¹ The 0.004 difference exists because Hydro's Total Rate Adjustments are computed using Hydro energy sales to Newfoundland Power while Newfoundland Power's Rate Stabilization Adjustment is computed using Newfoundland Power energy sales to customers.

¹² Newfoundland Power's Rate Stabilization Adjustment is the sum of two components: (i) a Fuel Rider Adjustment; and (ii) a Recovery Adjustment Factor. With the proposed elimination of the Fuel Rider Adjustment, the calculation of the Rate Stabilization Adjustment will be solely dependent on the calculations used to determine the Recovery Adjustment Factor. As a result, and consistent with the terminology used prior to the advent of the Fuel Rider Adjustment in 2003, Newfoundland Power is proposing revisions to the Rate Stabilization Clause to replace the term "Recovery Adjustment Factor" with "Rate Stabilization Adjustment." See Appendix D: Rate Stabilization Clause Revisions and Schedule 2 – Calculation of the Rate Stabilization Adjustment, effective July 1, 2022.

¹³ (0.041) ¢/kWh – 0.177 ¢/kWh = (0.218) ¢/kWh.

¹⁴ The balance in the RSA decreased from \$15.3 million owing to customers as of March 31, 2021 to \$27.8 million owing to customers as of March 31, 2022. The decrease in the RSA balance translates to a Rate Stabilization Adjustment impact of (0.218) ¢/kWh as follows:

		March 31, 2022	March 31, 2021
Balance in RSA (\$)	A	(27,812,298)	(15,346,955)
Energy sales (kWh)	B	5,606,100,000	5,521,442,000
Rate Stabilization Adjustment impact (¢/kWh)	C = A / B	(0.496)	(0.278)
Difference (¢/kWh)		(0.496) – (0.278) = (0.218)	

Schedule 2 of the Application sets out the calculation of the proposed Rate Stabilization Adjustment.

2.2 MTA Factor

The Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA factor. The MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities.

Customer Rates currently reflect an MTA factor of 1.02559. The Company is proposing an MTA factor of 1.02627 to be effective July 1, 2022.

Schedule 3 of the Application sets out the calculation of the proposed MTA factor.

3.0 Proposed Rates

Appendix A to this report shows the conversion of the base rates to Customer Rates.¹⁵ The proposed Customer Rates include the proposed Rate Stabilization Adjustment of 0.288 ¢/kWh and the proposed MTA factor of 1.02627.

In converting base rates to Customer Rates, the Rate Stabilization Adjustment has been applied to the energy charges in each rate classification. The MTA factor is applied to all rate components. The calculation of final rates also incorporates a calculation to account for the effect of the early payment discount.

Appendix B to this report provides a summary of existing and proposed Customer Rates.

¹⁵ The current base rates reflect Newfoundland Power's 2023 test year revenue requirement which was approved by the Board in Order No. P.U. 3 (2022).

4.0 Customer Impact

Table 3 shows a reconciliation of existing customer billings to proposed customer billings.

Table 3
Average Customer Rate Change
(\$000s)

	Existing	Change	Proposed
Revenue from Rates	699,245	-	699,245
RSA	18,655	(2,325)	16,330
MTA	18,328	426	18,754
Customer Billings	<u>736,228</u>	<u>(1,899)</u>	<u>734,329</u>
Change			<u>(1,899)</u>
Change (%)			-0.3%

The impact on Customer Rates of the change in the Rate Stabilization Adjustment and the MTA factor is an average decrease of 0.3%.

The 0.3% decrease in Customer Rates is the result of:

- (i) a 4.7% decrease reflecting Hydro's updated RSP/CDM Rate Adjustments;
- (ii) a 1.7% decrease reflecting the decrease in Newfoundland Power's RSA balance and update to its MTA factor; and
- (iii) a 6.1% increase reflecting Hydro's Muskrat Falls Project Cost Recovery Rider.

Individual customer impacts will vary depending on usage.¹⁶

Appendix C to this report provides the average customer impacts by rate class.

5.0 Amendments to the Schedule of Rates, Rules & Regulations

Newfoundland Power is proposing amendments to its *Schedule of Rates, Rules & Regulations* to address changes proposed in Hydro's Application related to: (i) the elimination of Hydro's RSP Fuel Rider; and (ii) the introduction of Hydro's Muskrat Falls Project Cost Recovery Rider.

¹⁶ The impact of the increase in the Rate Stabilization Adjustment effective July 1, 2022 is comparatively lower for the Street and Area Lighting class, since the cost of purchased energy comprises a much smaller percentage of the cost of serving that class.

Newfoundland Power is also proposing an amendment to its *Schedule of Rates, Rules & Regulations* to address the conclusion of the One-Time Bill Credit which was approved by the Board in Order No. P.U. 17 (2020).

Appendix D shows the proposed revisions shaded for ease of reference.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class	Base Rate	Calculation	Customer Rate
A	B	C	D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.42	$\$15.42 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$15.83
Exceeding 200 Amp Service	\$20.30	Final Not Exceeding 200 Amp Service B.C.C. plus \$5	\$20.83
Energy Charge - All kilowatt hours (¢/kWh)	11.738	$[11.738 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	12.346
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.42	Same as B.C.C.	\$15.83
Exceeding 200 Amp Service	\$20.30	Same as B.C.C.	\$20.83
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.42	Same as Rate 1.1 B.C.C.	\$15.83
Exceeding 200 Amp Service	\$20.30	Same as Rate 1.1 B.C.C.	\$20.83
Energy Charge (¢/kWh)			
Winter Seasonal	12.691	Same as Rate 1.1 Customer Energy Charge + 0.953	13.299
Non-Winter Seasonal	10.441	Same as Rate 1.1 Customer Energy Charge - 1.297	11.049
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.42	Same as B.C.C.	\$15.83
Exceeding 200 Amp Service	\$20.30	Same as B.C.C.	\$20.83
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Unmetered	\$11.60	Final B.C.C. Single Phase minus \$8	\$11.92
Single Phase	\$19.41	$\$19.41 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$19.92
Three Phase	\$31.13	Final B.C.C. Single Phase plus \$12	\$31.92
Demand Charge (per kW)			
Winter	\$9.47	Other Demand Charge plus \$2.50	\$9.71
Other	\$7.03	$\$7.03 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$7.21
Energy Charge (¢/kWh)			
First 3,500 kWh	11.602	$[11.602 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	12.207
All Excess kWh	8.717	$[8.717 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	9.246
Maximum Energy Charge (¢/kWh)	20.167 + B.C.C.	$[20.167 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	20.997 + B.C.C.
Minimum Monthly Charge			
Unmetered	\$11.60	Same as B.C.C. Unmetered	\$11.92
Single Phase	\$19.41	Same as B.C.C. Single Phase	\$19.92
Three Phase	\$31.13	Same as B.C.C. Three Phase	\$31.92

¹ Customer Rates calculated based upon July 1, 2022 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class	Base Rate	Calculation	Customer Rate
A	B	C	D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	\$47.67	$\$47.67 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$48.92
Demand Charge (per kVA)			
Winter	\$7.95	Other Demand Charge plus \$2.50	\$8.15
Other	\$5.51	$\$5.51 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$5.65
Energy Charge (¢/kWh)			
First 150 kWh/kVA			
of billing demand (max. 50,000 kWh)	9.871	$[9.871 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	10.430
All Excess kWh	7.961	$[7.961 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	8.470
Maximum Energy Charge (¢/kWh)	20.167 + B.C.C.	$[20.167 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	20.997 + B.C.C.
Minimum Monthly Charge	\$47.67	Same as B.C.C.	\$48.92
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	\$83.07	$\$83.07 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$85.25
Demand Charge (per kVA)			
Winter	\$7.63	Other Demand Charge plus \$2.50	\$7.83
Other	\$5.19	$\$5.19 \times (1 - 0.015) \times 1.02627 \times [1 / (1 - 0.015)]$	\$5.33
Energy Charge (¢/kWh)			
First 75,000 kWh	9.519	$[9.519 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	10.069
All Excess kWh	7.883	$[7.883 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	8.390
Maximum Energy Charge (¢/kWh)	20.167 + B.C.C.	$[20.167 \times (1 - 0.015) + 0.288] \times 1.02627 \times [1 / (1 - 0.015)]$	20.997 + B.C.C.
Minimum Monthly Charge	\$83.07	Same as B.C.C.	\$85.25

¹ Customer Rates calculated based upon July 1, 2022 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class	Base Rate	Monthly kWh	Calculation	Final Rate
A	B	C	D	E
Rate #4.1: Street and Area Lighting Service²				
<i>High Pressure Sodium</i>				
HPS 100 W Sentinel/Standard	\$17.52	38	$[17.52 + (38 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$18.09
HPS 100 W Post Top	\$18.68	38	$[18.68 + (38 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$19.28
HPS 150 W Sentinel/Standard	\$21.84	60	$[21.84 + (60 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$22.59
HPS 250 W Sentinel/Standard	\$31.08	105	$[31.08 + (105 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$32.21
HPS 400 W Sentinel/Standard	\$43.60	163	$[43.60 + (163 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$45.23
<i>Light Emitting Diode</i>				
LED 100 W Sentinel/Standard	\$15.48	18	$[15.48 + (18 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$15.94
LED 150 W Sentinel/Standard	\$17.43	28	$[17.43 + (28 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$17.97
LED 250 W Sentinel/Standard	\$21.10	40	$[21.10 + (40 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$21.77
LED 400 W Sentinel/Standard	\$24.36	55	$[24.36 + (55 \times 0.288 \text{ ¢/kWh})] \times 1.02627$	\$25.16
Poles				
Wood	\$5.97		5.97×1.02627	\$6.13
30' Concrete or Metal	\$8.34		8.34×1.02627	\$8.56
45' Concrete or Metal	\$13.80		13.80×1.02627	\$14.16
25' Concrete or Metal, Post Top	\$5.91		5.91×1.02627	\$6.07
Underground Wiring (per run)				
All sizes and types of fixtures	\$14.06		14.06×1.02627	\$14.43

¹ Customer Rates calculated based upon July 1, 2022 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor.

² Early payment discount does not apply to Street and Area Lighting rates.

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

	<u>March 1, 2022</u> <u>Existing Rates</u>	<u>July 1, 2022</u> <u>Proposed Rates</u>
<u>Domestic - Rate #1.1</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.81/month	\$15.83/month
Exceeding 200 Amp Service	\$20.81/month	\$20.83/month
 Energy Charge - All kilowatt hours	 12.381 ¢/kWh	 12.346 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.81/month	\$15.83/month
Exceeding 200 Amp Service	\$20.81/month	\$20.83/month
 Prompt Payment Discount	 1.5%	 1.5%
<u>Domestic - Rate #1.1S</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.81/month	\$15.83/month
Exceeding 200 Amp Service	\$20.81/month	\$20.83/month
Energy Charge		
Winter Seasonal	13.334 ¢/kWh	13.299 ¢/kWh
Non-Winter Seasonal	11.084 ¢/kWh	11.049 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.81/month	\$15.83/month
Exceeding 200 Amp Service	\$20.81/month	\$20.83/month
 Prompt Payment Discount	 1.5%	 1.5%

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

	<u>March 1, 2022</u> <u>Existing Rates</u>	<u>July 1, 2022</u> <u>Proposed Rates</u>
<u>G.S. 0-100 kW (110 kVA) - Rate #2.1</u>		
Basic Customer Charge		
Unmetered	\$11.91/month	\$11.92/month
Single Phase	\$19.91/month	\$19.92/month
Three Phase	\$31.91/month	\$31.92/month
Demand Charge Regular	\$9.71/kW - winter \$7.21/kW - other	\$9.71/kW - winter \$7.21/kW - other
Energy Charge		
First 3,500 kilowatt-hours	12.241 ¢/kWh	12.207 ¢/kWh
All excess kilowatt-hours	9.283 ¢/kWh	9.246 ¢/kWh
Maximum Monthly Charge	21.026 ¢/kWh + B.C.C.	20.997 ¢/kWh + B.C.C.
Minimum Monthly Charge		
Unmetered	\$11.91/month	\$11.92/month
Single Phase	\$19.91/month	\$19.92/month
Three Phase	\$31.91/month	\$31.92/month
Prompt Payment Discount	1.5%	1.5%
<u>G.S. 110-1000 kVA - Rate #2.3</u>		
Basic Customer Charge	\$48.89/month	\$48.92/month
Demand Charge	\$8.15/kVA-winter \$5.65/kVA-other	\$8.15/kVA-winter \$5.65/kVA-other
Energy Charge		
First 150 kWh per kVA of demand (max. 50,000)	10.466 ¢/kWh	10.430 ¢/kWh
All Excess kWh	8.507 ¢/kWh	8.470 ¢/kWh
Maximum Monthly Charge	21.026 ¢/kWh + B.C.C.	20.997 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$48.89/month	\$48.92/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

	<u>March 1, 2022</u> <u>Existing Rates</u>	<u>July 1, 2022</u> <u>Proposed Rates</u>
<u>G.S. 1000 kVA and Over - Rate #2.4</u>		
Basic Customer Charge	\$85.20/month	\$85.25/month
Demand Charge	\$7.82/kVA-winter \$5.32/kVA-other	\$7.83/kVA-winter \$5.33/kVA-other
Energy Charge		
First 75,000 kWh	10.105 ¢/kWh	10.069 ¢/kWh
All Excess kWh	8.427 ¢/kWh	8.390 ¢/kWh
Maximum Monthly Charge	21.026 ¢/kWh + B.C.C.	20.997 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$85.20/month	\$85.25/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

Street and Area Lighting Rates

		<u>March 1, 2022</u> <u>Existing Rates</u>	<u>July 1, 2022</u> <u>Proposed Rates</u>
<u>Fixtures</u>			
<u>Sentinel/Standard</u>			
High Pressure Sodium	100W	\$18.10	\$18.09
	150W	22.60	22.59
	250W	32.23	32.21
	400W	45.27	45.23
Light Emitting Diode	LED 100	\$15.94	\$15.94
	LED 150	17.97	17.97
	LED 250	21.77	21.77
	LED 400	25.17	25.16
<u>Post Top</u>			
High Pressure Sodium	100W	\$19.29	\$19.28
<u>Poles</u>			
Wood		\$6.12	\$6.13
30' Concrete or Metal, direct buried		8.55	8.56
45' Concrete or Metal, direct buried		14.15	14.16
25' Concrete or Metal, Post Top, direct buried		6.06	6.07
<u>Underground Wiring (per run)</u>			
All sizes and types of fixtures		\$14.42	\$14.43

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	457,777	(1,123)	-0.2%
1.1S Domestic Seasonal	1,810	1,805	(5)	-0.3%
Total Domestic	460,710	459,582	(1,128)	-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	734,329	(1,899)	-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).

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan ("RSP"), ~~and CDM Cost Recovery Adjustment, and the Project Cost Recovery Rider~~ (collectively, "Hydro's Rate Adjustments").

I. RATE STABILIZATION ADJUSTMENT ("A")

~~The Rate Stabilization Adjustment ("A") shall be recalculated annually, as the total of the Recovery Adjustment Factor and the Fuel Rider Adjustment.~~

The ~~Recovery Adjustment Factor~~ Rate Stabilization Adjustment ("A") shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA. The ~~Recovery Adjustment Factor~~ adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B1 + B2 + B3 + C}{D}$$

Where:

- B1 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.
- B2 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's CDM Cost Recovery Adjustment.
- B3 = the Muskrat Falls Project Cost Recovery Rider.
- C = the balance in the Company's RSA as of March 31st of the current year.
- D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

~~The Fuel Rider Adjustment shall be recalculated annually, effective the first day of July in each year, to reflect changes in the RSP fuel rider applicable to Newfoundland Power. The Fuel Rider Adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:~~

$$\frac{E \times F}{D}$$

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

I. ~~RATE STABILIZATION ADJUSTMENT ("A") (Cont'd)~~

~~Where:~~

~~D = corresponds to the D above.~~

~~E = the total kilowatt hours of energy (including secondary energy) sold to the Company by Hydro during the 12 months ending March 31 of the current year.~~

~~F = the fuel rider designated to be charged to Newfoundland Power through Hydro's RSP.~~

~~The Rate Stabilization Adjustment ("A") shall be recalculated and be applied as of the effective date of a new wholesale mill rate by Hydro, by resetting the Fuel Rider Adjustment included in the Rate Stabilization Adjustment to zero.~~

II. RATE STABILIZATION ACCOUNT ("RSA")

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:
 - (i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of Hydro's Rate Adjustments.
 - (ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

Where:

P = the 2nd block base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

(iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = the price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = the kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

(iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

(v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly street lighting rates are as follows:

	Fixture Size (watts)			
	<u>100</u>	<u>150</u>	<u>250</u>	<u>400</u>
High Pressure Sodium	454	714	1,260	1,953

	Fixture Type			
	<u>LED 100</u>	<u>LED 150</u>	<u>LED 250</u>	<u>LED 400</u>
Light Emitting Diode	218	336	475	664

4. On December 31, 2019, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the change in base rates attributable to the flow through of Hydro's wholesale rate change, effective October 1, 2019, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged by Hydro effective October 1, 2019.

The methodology to calculate the RSA adjustment at December 31, 2019 is as follows:

Calculation of increase in Revenue:

2019 Revenue with Flow-through (Q)	\$ -
2019 Revenue without Flow-through (R)	<u>\$ -</u>
Increase in Revenue (S = Q – R)	\$ -

Calculation of increase in Purchased Power Expense:

2019 Purchased Power Expense with Hydro Increase (T)	\$ -
2019 Purchased Power Expense without Hydro Increase (U)	<u>\$ -</u>
Increase in Purchased Power Expense (V = T – U)	\$ -

Adjustment to Rate Stabilization Account (W = S – V)	\$ -
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Where:

- Q = Normalized revenue from base rates effective October 1, 2019.
- R = Normalized revenue from base rates determined based on rates effective March 1, 2019.
- T = Normalized purchased power expense from Hydro's wholesale rate effective October 1, 2019 (not including Hydro's Rate Adjustments).
- U = Normalized purchased power expense determined based on Hydro's wholesale rate effective July 1, 2018 (not including Hydro's Rate Adjustments).

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

5. On December 31st of each year from 2008 until further order of the Board, the Rate Stabilization Account (RSA) shall be increased (reduced) by the Energy Supply Cost Variance.

This Energy Supply Cost Variance identifies the change in purchased power cost that is related to the difference between purchasing energy at the 2nd block energy charge in the wholesale rate and the test year energy supply cost reflected in customer rates.

The Energy Supply Cost Variance expressed in dollars shall be calculated as follows:

$$\frac{(A - B) \times (C - D)}{100}$$

Where:

- A = the wholesale rate 2nd block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized annual purchases in kWh.
- D = the test year annual purchases in kWh.

6. The RSA shall be adjusted by any other amount as ordered by the Board.
7. On March 31st of each year, the Rate Stabilization Account shall be increased on a before tax basis, by the CDM Cost Recovery Transfer.

The CDM Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account (the "CDM Cost Deferral"), commencing in the year following the year in which the CDM Cost Deferral is charged to the CDM Cost Deferral Account. Beginning January 1, 2021, all historical balances and annual charges to the CDM Cost Deferral will be recovered over 10 years.

The CDM Cost Deferral Account will identify the year in which each CDM Cost Deferral was incurred.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

The CDM Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/10th of each CDM Cost Deferral, beginning January 1, 2021, which individual amounts shall be included in the CDM Cost Recovery Transfer for 10 years following the year in which the CDM Cost Deferral was recorded.

8. On March 31st of each year, beginning in 2013, the Rate Stabilization Account shall be increased (reduced), on a before tax basis, by the balance in the Weather Normalization Reserve accrued in the previous year.

- ~~9. On December 31, 2020, the RSA shall be increased (reduced) by the difference between the total amount of the actual bill credits provided to customers in accordance with the One Time Bill Credit Plan and the amount of the One Time Bill Credit Fund, as approved in Order No. P.U. 17 (2020).~~

~~The transfer shall be expressed in dollars and calculated as follows:~~

$$\text{A} - \text{B}$$

~~Where:~~

~~A = the total dollar amount of the actual bill credits provided to customers in accordance with the One Time Bill Credit Plan.~~

~~B = the One Time Bill Credit Fund of \$47,723,550.~~

III. RATE CHANGES

The energy charges in each rate classification shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the 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:

Rate Stabilization Adjustment:

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

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

**Calculation of 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:

$$X = \text{Amount of all municipal taxes paid in 2021} = \$18,332,196$$

$$Y = \text{Amount of Revenue earned in 2021 to which MTA factor shall apply, calculated as follows:}$$

$$\text{Normalized Revenue from rates for 2021} = \$713,303,000$$

$$\text{Add: RSA Billings for 2021} = \$8,202,500$$

$$\text{Add: 2021 Weather Normalization Revenue Adj.} = (\$21,125,000)$$

$$\text{Less: Forfeited Discounts} = \$2,560,000$$

$$Y = \$697,820,500$$

$$\text{Municipal Tax Adjustment Factor} = \frac{X}{Y} + 1.00000$$

$$= \frac{\$18,332,196}{\$697,820,500} + 1.00000$$

$$\text{Municipal Tax Adjustment Factor} = 1.02627$$

NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Not Exceeding 200 Amp Service	\$15.83 per month
Exceeding 200 Amp Service	\$20.83 per month

Energy Charge:

All kilowatt-hours	@12.346¢ per kWh
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Minimum Monthly Charge:

Not Exceeding 200 Amp Service	\$15.83 per month
Exceeding 200 Amp Service	\$20.83 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #1.1S
DOMESTIC SEASONAL - OPTIONAL

Availability:

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

Rate:

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):

All kilowatt-hours@ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):

All kilowatt-hours@ (1.297)¢ per kWh

Special Conditions:

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Unmetered	\$11.92 per month
Single Phase	\$19.92 per month
Three phase	\$31.92 per month

Demand Charge:

\$9.71 per kW of billing demand in the months of December, January, February and March and \$7.21 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month in excess of 10 kW.

Energy Charge:

First 3,500 kilowatt-hours	@ 12.207¢ per kWh
All excess kilowatt-hours	@ 9.246¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 20.997 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Minimum Monthly Charge:

Unmetered	\$11.92 per month
Single Phase	\$19.92 per month
Three Phase	\$31.92 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$48.92 per month

Demand Charge:

\$8.15 per kVA of billing demand in the months of December, January, February and March and \$5.65 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 50,000 kilowatt-hours@ 10.430¢ per kWh
All excess kilowatt-hours@ 8.470¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 20.997 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 KVA AND OVER

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$85.25 per month

Demand Charge:

\$7.83 per kVA of billing demand in the months of December, January, February and March and \$5.33 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 75,000 kilowatt-hours@ 10.069¢ per kWh

All excess kilowatt-hours@ 8.390¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 20.997 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

	Sentinel/Standard	Post Top
High Pressure Sodium		
100W (8,600 lumens)	\$18.09	\$19.28
150W (14,400 lumens)	22.59	-
250W (23,200 lumens)	32.21	-
400W (45,000 lumens)	45.23	-
Light Emitting Diode		
LED 100	\$15.94	-
LED 150	17.97	-
LED 250	21.77	-
LED 400	25.16	-
Special poles used exclusively for lighting service*		
Wood	\$6.13	
30' Concrete or Metal, direct buried	8.56	
45' Concrete or Metal, direct buried	14.16	
25' Concrete or Metal, Post Top, direct buried	6.07	
Underground Wiring (per run)*		
All sizes and types of fixtures	\$14.43	

* Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.**RATE STABILIZATION CLAUSE**

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan ("RSP"), CDM Cost Recovery Adjustment, and the Project Cost Recovery Rider (collectively, "Hydro's Rate Adjustments").

I. RATE STABILIZATION ADJUSTMENT ("A")

The Rate Stabilization Adjustment ("A") shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA. The adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B1 + B2 + B3 + C}{D}$$

Where:

- B1 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.
- B2 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's CDM Cost Recovery Adjustment.
- B3 = the Muskrat Falls Project Cost Recovery Rider.
- C = the balance in the Company's RSA as of March 31st of the current year.
- D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

NEWFOUNDLAND POWER INC.**RATE STABILIZATION CLAUSE****II. RATE STABILIZATION ACCOUNT ("RSA")**

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:

- (i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of Hydro's Rate Adjustments.
- (ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

P = the 2nd block base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

- (iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = the price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = the kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

NEWFOUNDLAND POWER INC.**RATE STABILIZATION CLAUSE****II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)**

- (iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

- (v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.

3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly street lighting rates are as follows:

	Fixture Size (watts)			
	<u>100</u>	<u>150</u>	<u>250</u>	<u>400</u>
High Pressure Sodium	454	714	1,260	1,953
	Fixture Type			
	<u>LED 100</u>	<u>LED 150</u>	<u>LED 250</u>	<u>LED 400</u>
Light Emitting Diode	218	336	475	664

NEWFOUNDLAND POWER INC.**RATE STABILIZATION CLAUSE****II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)**

4. On December 31, 2019, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the change in base rates attributable to the flow through of Hydro's wholesale rate change, effective October 1, 2019, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged by Hydro effective October 1, 2019.

The methodology to calculate the RSA adjustment at December 31, 2019 is as follows:

Calculation of increase in Revenue:

2019 Revenue with Flow-through (Q)	\$ -
2019 Revenue without Flow-through (R)	<u>\$ -</u>
Increase in Revenue ($S = Q - R$)	\$ -

Calculation of increase in Purchased Power Expense:

2019 Purchased Power Expense with Hydro Increase (T)	\$ -
2019 Purchased Power Expense without Hydro Increase (U)	<u>\$ -</u>
Increase in Purchased Power Expense ($V = T - U$)	\$ -

Adjustment to Rate Stabilization Account ($W = S - V$)	\$ -
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Where:

- Q = Normalized revenue from base rates effective October 1, 2019.
R = Normalized revenue from base rates determined based on rates effective March 1, 2019.
T = Normalized purchased power expense from Hydro's wholesale rate effective October 1, 2019 (not including Hydro's Rate Adjustments).
U = Normalized purchased power expense determined based on Hydro's wholesale rate effective July 1, 2018 (not including Hydro's Rate Adjustments).

NEWFOUNDLAND POWER INC.**RATE STABILIZATION CLAUSE****II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)**

5. On December 31st of each year from 2008 until further order of the Board, the Rate Stabilization Account (RSA) shall be increased (reduced) by the Energy Supply Cost Variance.

This Energy Supply Cost Variance identifies the change in purchased power cost that is related to the difference between purchasing energy at the 2nd block energy charge in the wholesale rate and the test year energy supply cost reflected in customer rates.

The Energy Supply Cost Variance expressed in dollars shall be calculated as follows:

$$\frac{(A - B) \times (C - D)}{100}$$

Where:

- A = the wholesale rate 2nd block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized annual purchases in kWh.
- D = the test year annual purchases in kWh.
6. The RSA shall be adjusted by any other amount as ordered by the Board.
7. On March 31st of each year, the Rate Stabilization Account shall be increased on a before tax basis, by the CDM Cost Recovery Transfer.

The CDM Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account (the "CDM Cost Deferral"), commencing in the year following the year in which the CDM Cost Deferral is charged to the CDM Cost Deferral Account. Beginning January 1, 2021, all historical balances and annual charges to the CDM Cost Deferral will be recovered over 10 years.

The CDM Cost Deferral Account will identify the year in which each CDM Cost Deferral was incurred.

The CDM Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/10th of each CDM Cost Deferral, beginning January 1, 2021, which individual amounts shall be included in the CDM Cost Recovery Transfer for 10 years following the year in which the CDM Cost Deferral was recorded.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

8. On March 31st of each year, beginning in 2013, the Rate Stabilization Account shall be increased (reduced), on a before tax basis, by the balance in the Weather Normalization Reserve accrued in the previous year.

III. RATE CHANGES

The energy charges in each rate classification shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.