

1 **Q. Reference: “2024 Rate of Return on Rate Base Application,” Newfoundland Power**
 2 **Inc., November 23, 2023, app. C, p. 1/22**

3
 4 **Table 3-1 of Newfoundland Power’s “2025/2026 General Rate Application” states a**
 5 **2024E forecast of \$735,704,000 in Revenue from Rates without any of the 2025/2026**
 6 **General Rate Application proposals implemented.**

7
 8 **a) Using the table provided, please reconcile the 2024E Forecast from**
 9 **Newfoundland Power’s “2025/2026 General Rate Application” (in the ‘Existing’**
 10 **column) with the revised 2024 Revenue Requirement of \$711,080,000 from**
 11 **Appendix C of Newfoundland Power’s “2024 Rate of Return on Rate Base**
 12 **Application” (in the ‘Proposed’ column).**

	<u>Existing</u>	<u>Proposed</u>	<u>Difference</u>	<u>Price</u> <u>Elasticity</u>	<u>Proposed</u> <u>Increase</u>
Revenue from Rates					
Rate Stabilization					
Account					
Municipal Tax Account					
Total					

13 **b) Please explain why Newfoundland Power must increase rates by 1.5% to collect**
 14 **a revised 2024 Revenue Requirement of \$711,080,000, as shown in Appendix C**
 15 **of its “2024 Rate of Return on Rate Base Application.”**

16
 17 **A. a) Appendix C provides the calculation of Newfoundland Power’s revised 2023 test year**
 18 **revenue requirement resulting from the 2024 forecast average rate base and rate of**
 19 **return on rate base calculations.¹ The revised 2023 test year revenue requirement is**
 20 **\$11.8 million higher than the amount used to set existing customer rates as a result of**
 21 **the revisions required to reflect Newfoundland Power’s 2024 forecast average rate**
 22 **base and rate of return on rate base.**

23
 24 The Company’s revised 2023 test year revenue requirement provides continuity from
 25 the 2023 test year amount underpinning existing customer rates. The revised 2023
 26 revenue requirement is not Newfoundland Power’s 2024 existing customer billings.

27
 28 The Company’s 2024 existing customer billings before the additional \$11.8 million
 29 required revenue resulting from this application is \$735.7 million.²

¹ See section 5.0 *Revenue Requirement Impacts* in the 2024 Rate of Return on Rate Base report filed with the Application for further information.

² See section 6.2 *Customer Rate Impacts* in the 2024 Rate of Return on Rate Base report filed with the Application for further information.

1 Newfoundland Power proposes to revise existing customer rates effective
 2 July 1, 2024 to begin collecting the additional \$11.8 million required revenue
 3 resulting from this application.³

4
 5 Table 1 shows a reconciliation of existing customer billings to proposed customer
 6 billings on an annual basis.⁴

Table 1:
Annual Average Customer Rate Change
(\$000s)

	Existing	Change	Proposed
Revenue from Rates	735,704	11,835	747,539
RSA	70,609	-	70,609
MTA	19,881	297	20,178
Customer Billings	826,194	12,132	838,326
Change (%)⁵			1.5%

7 b) See part a).

³ Ibid.

⁴ The Company's existing sales forecast incorporates price elasticity effects associated with forecast electricity prices, including the impact of the 1.5% proposed customer rate increase on July 1, 2024. Therefore, there is no price elasticity adjustment between existing and proposed customer rates.

⁵ $\$12,132 \div 826,194 = 1.5\%$.