

1 **(Reference Wholesale Rate Flow-Through Report)**
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- 3 **Q. a) Will the change in the wholesale rate proposed for January 1, 2025 not result in**
4 **a change to NP's retail rates on January 1, 2025 because NP proposes to delay**
5 **re-basing retail rates until July 1, 2025?**
6 **b) Please confirm that the analyses in the Application assume that NP will not**
7 **adjust the tail-block energy charges in its retail customer rates to reflect**
8 **marginal costs.**
9 **c) Is rate volatility reduced because NP is forecasting power purchases that are**
10 **above the forecast included in the 2019 Test Year, so under the proposed**
11 **wholesale rate, NP will be subject to reduced power purchase costs on purchases**
12 **above the 2019 Test Year forecast while revenues from increased sales to its**
13 **retail customers would remain the same whether or not the wholesale rate is**
14 **changed?**
15 **d) Would rate volatility associated with the July 1 adjustments for the most part be**
16 **eliminated if NP had tail-block energy charges in its retail customer rates that**
17 **were set equal to the wholesale second-block rate?**

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19 **A. a) It is confirmed that Newfoundland Power's customer rates will not change on January**
20 **1, 2025 as a result of the Application. The revenue shortfall associated with power**
21 **supply costs being re-based into the 2025 test year revenue requirement effective**
22 **January 1, 2025 is proposed to be amortized and recovered through base customer**
23 **rates, effective July 1, 2025.**

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25 See section 3.0 *Revenue Requirement and Customer Rate Impacts* of the *Wholesale*
26 *Rate Flow-Through Report* for further information.
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- 28 b) It is confirmed.
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30 c) See the response to Request for Information CA-NP-001.
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32 d) As provided in Table 3 in the *Wholesale Rate Flow-Through Report*, a new wholesale
33 rate will result in less volatility in the annual July 1st rate adjustments, providing rate
34 stability for customers. As part of this Application, Newfoundland Power has not
35 analyzed how more complex rate structures, such as the scenario described in this
36 Request for Information, could be implemented to achieve a similar result.

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38 Further, current retail rates on the Island Interconnected System are more closely
39 aligned with Hydro's marginal energy costs and proposed wholesale rate structure
40 than Hydro's existing wholesale rate. For example, General Service customer rates on
41 the Island Interconnected System currently include a declining energy rate structure.
42 This is more consistent with Hydro's proposed change in its wholesale rate as
43 opposed to Hydro's existing wholesale rate which includes an inclining energy rate
44 structure in all months of the year.

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46 The Company's existing rate design is currently under review in its Retail Rate
47 Design Review. Any changes in customer rate design would be based on that

- 1 comprehensive review, which would include a fulsome analysis of the customer
- 2 benefits and risks of the change.