

1 **Q. Please revise Schedule 1, Appendix C in the Application to include the estimated**
2 **overall customer rate impacts flowing from the revised 2025/2026 General Rate**
3 **Application proposals described in the response to PUB-NP-003 and the proposals**
4 **in the Application. In the response, separately show any customer rate impact**
5 **flowing from compliance with Order No. P.U. 20(2024).**
6

7 A. Appendix C of the *Wholesale Rate Flow-Through* report details the impacts the
8 Application proposals have on the proposed 2025 and 2026 test year revenue
9 requirements outlined in Exhibit 7 in the *2025/2026 General Rate Application*
10 (“2025/2026 GRA”).
11

12 Order No. P.U. 20 (2024) impacts both Newfoundland Power’s 2025 and 2026 existing
13 and proposed revenue requirements outlined in Exhibit 7 in the 2025/2026 GRA.
14

15 The 2025 and 2026 existing revenue requirements outlined in the 2025/2026 GRA
16 assumed the approval of a 1.5% customer rate increase, effective July 1, 2024, associated
17 with increased annual return on rate base revenue requirements amounts. Order No. P.U.
18 20 (2024) denied the customer rate change. Accordingly, the Company’s 2025 and 2026
19 existing revenue requirements are lower as a result of the order.
20

21 The 2025 and 2026 proposed revenue requirements outlined in the 2025/2026 GRA
22 included the amortization of a 2024 revenue shortfall of \$6,722,000. Order No. P.U. 20
23 (2024) denied recovery of the 2024 revenue shortfall through base rate revenue
24 requirements. The 2025 revenue shortfall proposed in the 2025/2026 GRA is also
25 impacted by the order as it incorporated higher base rate revenue recovery in 2025
26 associated with the assumed 1.5% customer rate increase discussed above.
27

28 To detail how the Application proposals and Order No. P.U. 20 (2024) impact existing
29 and proposed revenue requirements, Attachments A and B provide the following for the
30 2025 and 2026 test year revenue requirements, respectively:¹
31

- 32 - Page 1 of 3: Updates to the 2025 and 2026 revenue requirements in the same format
33 as Exhibit 7 in the 2025/2026 GRA.
34
- 35 - Page 2 of 3: A reconciliation from the 2025 and 2026 existing revenue
36 requirements outlined in Exhibit 7 in the 2025/2026 GRA to the updated amounts
37 shown on page 1 of 3.
38
- 39 - Page 3 of 3: A reconciliation from the 2025 and 2026 proposed revenue
40 requirements outlined in Exhibit 7 in the 2025/2026 GRA to the updated amounts
41 shown on page 1 of 3.

¹ The analyses also incorporate Order Nos. P.U. 16 (2024) and P.U. 18 (2024) which update existing customer billings for the purposes of estimating average customer rate impacts, effective July 1, 2025. These orders resulted in changes to Rate Stabilization and Municipal Tax customer billings, effective August 1, 2024, and therefore would not have a material impact on the 2025 and 2026 test year base rate revenue requirements.

1 Attachment C provides an overall average customer rate impact analysis, with the
2 customer rate impact flowing from compliance with Order No. P.U. 20 (2024) shown
3 separately. The analysis follows the format of Exhibit 9 in the 2025/2026 GRA for
4 continuity purposes.

5
6 A breakdown of the overall average customer rate impact of 10.6% outlined in
7 Attachment C is provided in the response to Request for Information PUB-NP-005.²

² The customer rate impact by customer class is provided in Attachment A to the response to Request for Information PUB-NP-003.

2025 Revenue Requirement Impacts

Newfoundland Power Inc.

2025 Revenue Requirement
(Updated for Application Proposals and Order No. P.U. 20 (2024))
(\$000s)

	<u>Existing¹</u>	<u>Changes</u>	<u>Proposed²</u>
1 Costs			
2 Power Supply Cost	533,716	(14,871)	518,845
3 Operating Costs	81,394	509	81,903
4 Employee Future Benefit Costs	8,122	-	8,122
5 Deferred Cost Recoveries and Amortizations	492	(31,372)	(30,880)
6 Depreciation	83,143	-	83,143
7 Income Taxes	16,514	11,050	27,564
8	<u>723,381</u>	<u>(34,684)</u>	<u>688,697</u>
9			
10 Return on Rate Base	80,213	23,507	103,720
11			
12 2025 Revenue Requirement	803,594	(11,177)	792,417
13			
14 Adjustments			
15 Other Revenue	(11,543)	2,228	(9,315)
16 Interest on Security Deposits	72	-	72
17 Energy Supply Cost Variance Adjustments	(42,073)	42,073	-
18 Demand Management Incentive Adjustments	-	-	-
19 Other Transfers to RSA	(10,443)	4,792	(5,651)
20	<u>(63,987)</u>	<u>49,093</u>	<u>(14,894)</u>
21			
22 2025 Revenue Requirement from Rates	<u>739,607</u>	<u>37,916</u>	<u>777,523</u>

¹ See page 2 for a reconciliation of the existing revenue requirements from the amounts outlined in Exhibit 7 in the 2025/2026 GRA.

² See page 3 for a reconciliation of the proposed revenue requirements from the amounts outlined in Exhibit 7 in the 2025/2026 GRA.

Newfoundland Power Inc.

2025 Revenue Requirement

(Updated for Application Proposals and Order No. P.U. 20 (2024))
(\$000s)

	Existing (2025/2026 GRA) ¹	Order No. P.U. 20 (2024) ²	Existing (Updated) ³
1 Costs			
2 Power Supply Cost	533,716	-	533,716
3 Operating Costs	81,394	-	81,394
4 Employee Future Benefit Costs	8,122	-	8,122
5 Deferred Cost Recoveries and Amortizations	492	-	492
6 Depreciation	83,143	-	83,143
7 Income Taxes	20,037	(3,523)	16,514
8	<u>726,904</u>	<u>(3,523)</u>	<u>723,381</u>
9			
10 Return on Rate Base	87,876	(7,663)	80,213
11			
12 2025 Revenue Requirement	814,780	(11,186)	803,594
13			
14 Adjustments			
15 Other Revenue	(11,017)	(526)	(11,543)
16 Interest on Security Deposits	72	-	72
17 Energy Supply Cost Variance Adjustments	(42,073)	-	(42,073)
18 Demand Management Incentive Adjustments	-	-	-
19 Other Transfers to RSA	(10,447)	4	(10,443)
20	<u>(63,465)</u>	<u>(522)</u>	<u>(63,987)</u>
21			
22 2025 Revenue Requirement from Rates	<u>751,315</u>	<u>(11,708)</u>	<u>739,607</u>

¹ See page 1 of Exhibit 7 in the 2025/2026 GRA.

² Existing revenue requirements outlined in Exhibit 7 in the 2025/2026 GRA assumed the approval of a 1.5% customer rate increase, effective July 1, 2024, associated with increased annual return on rate base revenue requirements. Order No. P.U. 20 (2024) denied the customer rate change which lowers existing revenue requirements.

³ As outlined on page 1 of this Attachment. The Application proposals, as well as Order Nos. P.U. 16 (2024) and P.U. 18 (2024), would not impact existing base rate revenue requirements beyond minor financing effects.

Newfoundland Power Inc.

2025 Revenue Requirement
(Updated for Application Proposals and Order No. P.U. 20 (2024))
 (\$000s)

	Proposed (2025/2026 GRA) ¹	Application Proposals ²	Order No. P.U. 20 (2024) ³	Proposed (Updated) ⁴
1 Costs				
2 Power Supply Cost	530,628	(11,783)	-	518,845
3 Operating Costs	81,903	-	-	81,903
4 Employee Future Benefit Costs	8,122	-	-	8,122
5 Deferred Cost Recoveries and Amortizations	(11,571)	(12,580)	(6,729)	(30,880)
6 Depreciation	83,143	-	-	83,143
7 Income Taxes	27,466	53	45	27,564
8	<u>719,691</u>	<u>(24,310)</u>	<u>(6,684)</u>	<u>688,697</u>
9				
10 Return on Rate Base	104,049	(731)	402	103,720
11				
12 2025 Revenue Requirement	823,740	(25,041)	(6,282)	792,417
13				
14 Adjustments				
15 Other Revenue	(9,223)	26	(118)	(9,315)
16 Interest on Security Deposits	72	-	-	72
17 Energy Supply Cost Variance Adjustments	(40,165)	40,165	-	-
18 Demand Management Incentive Adjustments	-	-	-	-
19 Other Transfers to RSA	(5,654)	-	3	(5,651)
20	<u>(54,970)</u>	<u>40,191</u>	<u>(115)</u>	<u>(14,894)</u>
21				
22 2025 Revenue Requirement from Rates	<u>768,770</u>	<u>15,150</u>	<u>(6,397)</u>	<u>777,523</u>

¹ See page 1 of Exhibit 7 in the 2025/2026 GRA.

² The impact of the Application proposals on the 2025 proposed revenue requirements outlined in Exhibit 7 in the 2025/2026 GRA are detailed in the *Wholesale Rate Flow-Through* report, Appendix C, page 1 of 2.

³ The primary impact of Order No. P.U. 20 (2024) on the proposed revenue requirements outlined in the 2025/2026 GRA is associated with the Deferred Cost Recoveries and Amortizations component. The following details the revenue requirement impact of (\$6,729,000) shown on line 5 (in \$000s):

Removal of 2024 Revenue Shortfall amortization*	(1,344)
Increased 2025 Revenue Shortfall (net of amortization)**	(5,385)
	<u>(6,729)</u>

*Order No. P.U. 20 (2024) denied recovery of the 2024 Revenue Shortfall through base rates and instead provided for the recovery of the shortfall through the Company's Rate Stabilization Account.

**The denial of the customer rate increase in Order No. P.U. 20 (2024) results in lower customer billings in 2025 resulting in a higher 2025 Revenue Shortfall.

⁴ As outlined on page 1 of this Attachment, Order Nos. P.U. 16 (2024) and P.U. 18 (2024) would not impact proposed base rate revenue requirements beyond minor financing effects.

2026 Revenue Requirement Impacts

Newfoundland Power Inc.

2026 Revenue Requirement

(Updated for Application Proposals and Order No. P.U. 20 (2024))
(\$000s)

	Existing ¹	Changes	Proposed ²
1 Costs			
2 Power Supply Cost	531,779	(16,147)	515,632
3 Operating Costs	84,156	784	84,940
4 Employee Future Benefit Costs	1,812	-	1,812
5 Deferred Cost Recoveries and Amortizations	492	15,696	16,188
6 Depreciation	86,691	-	86,691
7 Income Taxes	14,196	13,481	27,677
8	<u>719,126</u>	<u>13,814</u>	<u>732,940</u>
9			
10 Return on Rate Base	75,567	29,227	104,794
11			
12 2026 Revenue Requirement	794,693	43,041	837,734
13			
14 Adjustments			
15 Other Revenue	(10,324)	3,463	(6,861)
16 Interest on Security Deposits	72	-	72
17 Energy Supply Cost Variance Adjustments	(41,152)	41,152	-
18 Demand Management Incentive Adjustments	-	-	-
19 Other Transfers to RSA	(4,257)	(1,782)	(6,039)
20	<u>(55,661)</u>	<u>42,833</u>	<u>(12,828)</u>
21			
22 2026 Revenue Requirement from Rates	<u>739,032</u>	<u>85,874</u>	<u>824,906</u>

¹ See page 2 for a reconciliation of the existing revenue requirements from the amounts outlined in Exhibit 7 in the 2025/2026 GRA.

² See page 3 for a reconciliation of the proposed revenue requirements from the amounts outlined in Exhibit 7 in the 2025/2026 GRA.

Newfoundland Power Inc.

2026 Revenue Requirement

(Updated for Application Proposals and Order No. P.U. 20 (2024))
(\$000s)

	Existing (2025/2026 GRA) ¹	Order No. P.U. 20 (2024) ²	Existing (Updated) ³
1 Costs			
2 Power Supply Cost	531,779	-	531,779
3 Operating Costs	84,156	-	84,156
4 Employee Future Benefit Costs	1,812	-	1,812
5 Deferred Cost Recoveries and Amortizations	492	-	492
6 Depreciation	86,691	-	86,691
7 Income Taxes	18,010	(3,814)	14,196
8	<u>722,940</u>	<u>(3,814)</u>	<u>719,126</u>
9			
10 Return on Rate Base	84,764	(9,197)	75,567
11			
12 2026 Revenue Requirement	807,704	(13,011)	794,693
13			
14 Adjustments			
15 Other Revenue	(11,644)	1,320	(10,324)
16 Interest on Security Deposits	72	-	72
17 Energy Supply Cost Variance Adjustments	(41,152)	-	(41,152)
18 Demand Management Incentive Adjustments	-	-	-
19 Other Transfers to RSA	(4,257)	-	(4,257)
20	<u>(56,981)</u>	<u>1,320</u>	<u>(55,661)</u>
21			
22 2026 Revenue Requirement from Rates	<u>750,723</u>	<u>(11,691)</u>	<u>739,032</u>

¹ See page 2 of Exhibit 7 in the 2025/2026 GRA.

² Existing revenue requirements outlined in Exhibit 7 in the 2025/2026 GRA assumed the approval of a 1.5% customer rate increase, effective July 1, 2024, associated with increased annual return on rate base revenue requirements. Order No. P.U. 20 (2024) denied the customer rate change which lowers existing revenue requirements.

³ As outlined on page 1 of this Attachment. The Application proposals, as well as Order Nos. P.U. 16 (2024) and P.U. 18 (2024), would not impact existing base rate revenue requirements beyond minor financing effects.

Newfoundland Power Inc.

2026 Revenue Requirement
(Updated for Application Proposals and Order No. P.U. 20 (2024))
 (\$000s)

	<u>Proposed (2025/2026 GRA)¹</u>	<u>Application Proposals²</u>	<u>Order No. P.U. 20 (2024)³</u>	<u>Proposed (Updated)⁴</u>
1 Costs				
2 Power Supply Cost	522,388	(6,756)	-	515,632
3 Operating Costs	84,940	-	-	84,940
4 Employee Future Benefit Costs	1,812	-	-	1,812
5 Deferred Cost Recoveries and Amortizations	9,888	6,290	10	16,188
6 Depreciation	86,691	-	-	86,691
7 Income Taxes	27,541	53	83	27,677
8	<u>733,260</u>	<u>(413)</u>	<u>93</u>	<u>732,940</u>
9				
10 Return on Rate Base	104,667	(167)	294	104,794
11				
12 2026 Revenue Requirement	837,927	(580)	387	837,734
13				
14 Adjustments				
15 Other Revenue	(6,860)	-	(1)	(6,861)
16 Interest on Security Deposits	72	-	-	72
17 Energy Supply Cost Variance Adjustments	(35,495)	35,495	-	-
18 Demand Management Incentive Adjustments	-	-	-	-
19 Other Transfers to RSA	(6,042)	-	3	(6,039)
20	<u>(48,325)</u>	<u>35,495</u>	<u>2</u>	<u>(12,828)</u>
21				
22 2026 Revenue Requirement from Rates	<u>789,602</u>	<u>34,915</u>	<u>389</u>	<u>824,906</u>

¹ See page 2 of Exhibit 7 in the 2025/2026 GRA.

² The impact of the Application proposals on the 2026 proposed revenue requirements outlined in Exhibit 7 in the 2025/2026 GRA are detailed in the *Wholesale Rate Flow-Through* report, Appendix C, page 2 of 2.

³ The impact of Order No. P.U. 20 (2024) on the 2024 and 2025 Revenue Shortfalls (as described in Attachment A, page 3, footnote 3) mostly offset in the 2026 test year revenue requirements as outlined below (in \$000s):

Removal of 2024 Revenue Shortfall amortization	(2,689)
Increased 2025 Revenue Shortfall amortization	<u>2,699</u>
	10

Increased return on rate base (and related amounts) reflect the higher 2025 Revenue Shortfall amount (as outlined in Attachment A, page 3, footnote 3).

⁴ As outlined on page 1 of this Attachment. Order Nos. P.U. 16 (2024) and P.U. 18 (2024) would not impact proposed base rate revenue requirements beyond minor financing effects.

Customer Rate Impact Analysis

Newfoundland Power Inc.

**Overall Average Customer Rate Impact Analysis:
Based on the 2026 Test Year Revenue Requirement
(Updated for Application Proposals and Order Nos. P.U. 16 (2024), P.U. 18 (2024) and P.U. 20 (2024))
(\$000s, unless otherwise noted)**

	Existing (A)	Proposed (B)	Increase, Before Price Elasticity (C = B - A)	Price Elasticity (D)	Increase, Including Price Elasticity (E = C + D)
1 Revenue from base rates	739,032 ¹	824,906 ¹	85,874	5,502 ²	91,376
2					
3 RSA billings ³	128,447	127,423	(1,024)	1,024 ²	-
4					
5 MTA billings ³	20,813	22,849	2,036	154 ²	2,190
6					
7 Total customer billings	888,292	975,178	86,886	6,680	93,566
Existing customer billings, adjusted for price elasticity (\$888,292 less \$6,680)					881,612
Overall average customer rate impact⁴					10.6%

¹ From Attachment B, page 1.

² Slightly higher price elasticity amounts than those outlined on page 2 in Exhibit 9 in the 2025/2026 GRA resulting from changes to existing customer rates associated with Order Nos. P.U. 16 (2024), P.U. 18 (2024), and P.U. 20 (2024).

³ Based on the Rate Stabilization Adjustment ("RSA") and Municipal Tax Adjustment ("MTA") factors, effective August 1, 2024, approved in Order Nos. P.U. 16 (2024) and P.U. 18 (2024).

⁴ Of the overall average customer rate impact of 10.6%, 1.4% is related to Order No. P.U. 20 (2024), estimated as follows:

Order No. P.U. 20 (2024) impact on 2026 existing revenue requirements (from Attachment B, page 2)	11,691
Order No. P.U. 20 (2024) impact on 2026 proposed revenue requirements (from Attachment B, page 3)	389
	12,080
Customer billing effects (higher MTA billings and price elasticity effects)	208
Total customer billings increase associated with Order No. P.U. 20 (2024)	12,288
Existing customer billings	881,612
Average customer rate impact	1.4%