April 17, 2025

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

Re: Approval of Compliance with Order No. P.U. 3 (2025) and Customer Rates, Rules and Regulations, effective July 1, 2025

A. Application Overview:

The Application

In Order No. P.U. 3 (2025) (the "General Rate Order"), the Board of Commissioners of Public Utilities (the "Board") made a number of determinations on proposals contained in, and matters arising from, Newfoundland Power Inc.'s ("Newfoundland Power" or the "Company") 2025/2026 General Rate Application (the "2025/2026 GRA").

Enclosed please find an application made in compliance with the directions of the Board contained in the General Rate Order and to implement the annual July 1st Rate Stabilization and Municipal Tax Adjustments (the "Application").

The Application proposes customer rates and rules and regulations governing service which will be effective July 1, 2025.

Summary of Customer Rate Impacts

The General Rate Order requires that customer rates to be implemented on July 1, 2025 include: (i) the rate change resulting from the Board's determinations with respect to the 2025/2026 GRA proposals, (ii) the direction from the Board in Order Nos. P.U. 16 (2024), P.U. 20 (2024), and P.U. (2) 2025, and (iii) the Rate Stabilization Adjustment and the Municipal Tax Adjustment factor, updated for 2025 (collectively, the "RSA/MTA Update").

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The RSA/MTA Update incorporates the impact of Newfoundland and Labrador Hydro's ("Hydro") application to increase the utility rate charged by Hydro to Newfoundland Power filed with the Board on April 15, 2025. In determining the RSA/MTA Update, the Company also considered issues related to customer rate smoothing over the 2025 to 2027 timeframe as directed by the Board in Order No. P.U. 16 (2024).

The customer rates proposed in the Application result in an overall average customer rate increase of 7.0% effective July 1, 2025, which is due to:

1. An 8.5% increase resulting from the Board's determinations in the General Rate Order, including a 4.0% increase associated with the recovery of power supply costs approved by the Board in Order No. P.U. 2 (2025);

2. A 2.3% increase resulting from Hydro's updated utility rate adjustments filed with the Board on April 15, 2025; and

3. A 3.8% decrease resulting from (i) a reduction in the recovery of Newfoundland Power's Rate Stabilization Account associated with customer rate smoothing and (ii) the updated MTA factor.

The Company is proposing to defer a balance of $70.0 million of its Rate Stabilization Account balance as of March 31, 2025 for future recovery to limit the customer rate increase to an overall average of 7.0% for July 1, 2025.

B. Evidence in Support of the Application:

General

The evidence in support of the Application is contained in two schedules to the Application. A brief description of each of the schedules follows.

Schedule 1: 2025/2026 GRA Compliance Report

A report titled *2025/2026 GRA Compliance Report* is Schedule 1 to the Application (the "Compliance Report"). The Compliance Report contains detailed information on the implementation of Newfoundland Power's proposals in the 2025/2026 GRA in a manner consistent with the General Rate Order.

The Compliance Report provides revised calculations of forecast average rate base, rate of return on rate base and revised revenue requirements for the 2025 and 2026 test years based on the

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Board's determinations in the General Rate Order, as well as in Order Nos. P.U. 20 (2024) and P.U. 2 (2025).

The Compliance Report shows *base rates* that are consistent with Newfoundland Power's rate design and rate structure proposals in the 2025/2026 GRA, and which are designed to recover the revised revenue requirement based on the General Rate Order.[1] The Compliance Report also calculates a set of *compliance rates*.[2] The calculation of compliance rates shows continuity with current customer rates for the purposes of demonstrating compliance with, and the impact of, the General Rate Order. The compliance rates are not the rates proposed to be implemented effective July 1, 2025.

Schedule 2: Proposed Customer Rates, Rules and Regulations

A report titled *Proposed Customer Rates, Rules and Regulations to be effective July 1, 2025*, is Schedule 2 to the Application (the "Customer Rates Report"). The Customer Rates Report shows (i) the customer rates and (ii) the rules and regulations governing service consistent with the General Rate Order, all as proposed effective July 1, 2025. The Customer Rates Report also details customer rate smoothing considerations as directed by the Board in Order No. P.U. 16 (2024).

The proposed customer rates shown in the Customer Rates Report are derived from the base rates presented in the Compliance Report. The proposed customer rates reflect a combination of (i) updated base rates resulting from the General Rate Order and (ii) the RSA/MTA Update.

Appendices F and H to the Customer Rates Report provide the proposed customer rates and rules and regulations governing service, respectively, which are proposed to be effective July 1, 2025.

C. Concluding:

In order to facilitate timely implementation of the customer rates proposed in this Application, Newfoundland Power is submitting this Application in advance of the Board issuing an order on Hydro's application to revise the utility rate filed with the Board on April 15, 2025.

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

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[1] "Base rates" are rates that exclude the Rate Stabilization and Municipal Tax Adjustments.
[2] "Compliance rates" reflect the current Rate Stabilization and Municipal Tax Adjustments, effective August 1, 2024 as approved in Order Nos. P.U. 16 (2024) and P.U. 18 (2024), respectively.

Yours very truly,

Doug Wright

Douglas Wright
Senior Legal Counsel

Enclosures

c. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, K.C.
Browne Fitzgerald Morgan & Avis

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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 (the "Application") by Newfoundland Power Inc. ("Newfoundland Power") in compliance with Order No. P.U. 3 (2025) for approval of:

(i) 2025 and 2026 forecast average rate base, rate of return on rate base and revenue requirements, and
(ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1, 2025.

TO: The Board of Commissioners of Public Utilities (the "Board")

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

A. The General Rate Order:

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* (the "EPCA").

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. On December 12, 2023, Newfoundland Power filed a General Rate Application together with evidence in support thereof to establish customer electricity rates for 2025 and 2026 (the "2025/2026 GRA").

4. On January 16, 2025, the Board issued Order No. P.U. 3 (2025) setting out its determinations in respect of the proposals in the 2025/2026 GRA (the "General Rate Order").

5. In the General Rate Order, the Board ordered, among other things, that Newfoundland Power:

   (a) calculate and file a revised forecast average rate base for 2025 and 2026;

   (b) calculate and file a revised forecast rate of return on rate base for 2025 and 2026;

(c) calculate and file revised forecast revenue requirements for the 2025 and 2026 test years, including a revised revenue shortfall for 2025; and

(d) file for the approval of the Board revised rates, tolls and charges effective for service provided on and after July 1, 2025,

based on the proposals in the 2025/2026 GRA, incorporating: (i) the General Rate Order; (ii) Order Nos. P.U. 16 (2024), P.U. 20 (2024), and P.U. 2 (2025); and (iii) the July 1, 2025 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor.

6. Schedule 1 to the Application is a report titled *2025/2026 GRA Compliance Report* (the "Compliance Report"). The Compliance Report provides evidence concerning the Board's determinations and directions in the General Rate Order relating to Newfoundland Power's 2025 and 2026 test years, including:

(a) revisions to forecast average rate base for 2025 and 2026;

(b) revisions to forecast rate of return on rate base for 2025 and 2026; and

(c) revisions to forecast 2025 and 2026 revenue requirements, including a revised revenue shortfall for 2025.

B. The Annual Rate Stabilization Adjustment:

7. By Order No. P.U. 34 (1985), the Board approved the establishment of a Rate Stabilization Account ("RSA") by Newfoundland Power. 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.

8. 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 Newfoundland and Labrador Hydro ("Hydro") to Newfoundland Power, and (iii) any other rate adjustments approved by the Board. On April 15, 2025, Hydro filed an application to increase the utility rate effective July 1, 2025.

9. The Rate Stabilization Adjustment of 2.132 ¢/kWh included in Newfoundland Power's customer rates for the period August 1, 2024 to June 30, 2025 was approved by the Board in Order No. P.U. 18 (2024).

10. In compliance with Order No. P.U. 16 (2024), Newfoundland Power reduced the RSA balance at March 31, 2024 to be included in the Rate Stabilization Adjustment by $18,800,000 to provide for an overall average customer rate increase effective August 1, 2024 of 7.0%.

C. The Municipal Tax Adjustment:

11. 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 would be recovered through a Municipal Tax Adjustment ("MTA") factor included in the rates of Newfoundland Power.

12. Under the Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules and Regulations,* the MTA factor is to be recalculated on July 1st of each year to reflect changes in taxes charged to Newfoundland Power by municipalities.

13. The MTA factor of 1.02407 included in Newfoundland Power's customer rates for the period August 1, 2024 to June 30, 2025 was approved by the Board in Order No. P.U. 16 (2024).

D. Proposed Customer Rates and Rules and Regulations:

14. Schedule 2 to the Application is a report titled *Proposed Customer Rates, Rules and Regulations to be effective July 1, 2025* (the "Customer Rates Report"). The Customer Rates Report provides evidence relating to proposed customer rates, rules and regulations to be effective July 1, 2025, including:

   (a) the calculation of the Rate Stabilization Adjustment of 1.910 ¢/kWh proposed to be used by Newfoundland Power in billing customers for the period July 1, 2025 to June 30, 2026;

   (b) the calculation of the MTA factor of 1.02458 proposed to be used by Newfoundland Power in billing customers for the period July 1, 2025 to June 30, 2026;

   (c) customer rates to be effective July 1, 2025 which reflect: (i) the General Rate Order; (ii) Order Nos. P.U. 16 (2024), P.U. 20 (2024), and P.U. 2 (2025); and (iii) the Rate Stabilization Adjustment and MTA Factor outlined in subparagraphs 14(a) and 14(b), respectively; and

   (d) the *Rules and Regulations* to be effective July 1, 2025 based on the General Rate Order.

15. Consistent with the General Rate Order and Order No. P.U. 16 (2024), and as detailed in Schedule 2, Newfoundland Power reduced the RSA balance at March 31, 2025 to be included in the Rate Stabilization Adjustment by $70,000,000 to provide for an overall average customer rate increase effective July 1, 2025 of 7.0%.

E. Order Requested:

16. Further to the matters described in paragraphs 5 through 15 hereof, Newfoundland Power requests that the Board make an Order, pursuant to Sections 70, 71 and 80 of the Act, approving:

    (a) a forecast average rate base for 2025 of $1,412,495,000 and a forecast average rate base for 2026 of $1,458,577,000;

    (b) a forecast rate of return on average rate base for 2025 of 6.65% in a range of 6.47% to 6.83% and a forecast rate of return on average rate base for 2026 of 6.63% in a range of 6.45% to 6.81%;

    (c) forecast revenue requirements from customer rates for 2025 of $769,532,000 and for 2026 of $806,675,000;

    (d) the Rate Stabilization Adjustment of 1.910 ¢/kWh and the MTA factor of 1.02458, to be applied to all bills based on electrical consumption on and after July 1, 2025;

    (e) an unrecovered RSA balance of $70,000,000 be maintained in the RSA until it is fully recovered by June 30, 2028;

    (f) rates, tolls and charges, effective July 1, 2025, as set out in Appendix F to Schedule 2 of the Application; and

    (g) the Rules and Regulations, effective July 1, 2025, as set out in Appendix H to Schedule 2 of the Application.

F. Process and Related Matters:

17. Approval by the Board of the proposals in the Application will permit cost recovery through customer rates as provided for, and intended by, the Act, the EPCA and the Orders of the Board set out in this Application.

18. This Application is consistent with the General Rate Order and prior Orders for the annual determination of the Rate Stabilization and Municipal Tax Adjustments to customer rates. Accordingly, Newfoundland Power submits that public notice and hearing into the Application is not necessary.

19. Communication with respect to this Compliance Application should be forwarded to the attention of Douglas Wright, Senior Legal Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland, this 17th day of April, 2025.

NEWFOUNDLAND POWER INC.

Doug Wright

Douglas Wright
Senior Legal Counsel to Newfoundland Power Inc.
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55 Kenmount Road
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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 (the "Application") by Newfoundland Power Inc. in compliance with Order No. P.U. 3 (2025) for approval of:

(i) 2025 and 2026 forecast average rate base, rate of return on rate base and revenue requirements, and
(ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1, 2025.

AFFIDAVIT

I, Paige London, Chartered Professional Accountant, of the City of St. John's, in the Province of Newfoundland and Labrador, make oath and say as follows:

1. That I am Vice President, Finance and Chief Financial Officer 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 at the City of St. John's, in the Province of Newfoundland and Labrador on this 17th day of April, 2025 before me:

Doug Wright

Douglas Wright
Barrister and Solicitor

Paige London, CPA

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 (the "Application") by Newfoundland Power Inc. in compliance with Order No. P.U. 3 (2025) for approval of:

(i) 2025 and 2026 forecast average rate base, rate of return on rate base and revenue requirements, and
(ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1, 2025.

2025/2026 GRA Compliance Report

NEWFOUNDLAND POWER
A FORTIS COMPANY

Table of Contents

1.0 Introduction

In Order No. P.U. 3 (2025) (the "General Rate Order"), the Board of Commissioners of Public Utilities (the "Board") made a number of determinations on proposals contained in, and matters arising from, Newfoundland Power Inc.'s ("Newfoundland Power" or the "Company") *2025/2026 General Rate Application* (the "GRA").

In the General Rate Order, the Board ordered that Newfoundland Power file an application for approval of revised rates, tolls and charges, effective for service provided on and after July 1, 2025, incorporating (i) the General Rate Order, (ii) Order Nos. P.U. 16 (2024), P.U. 20 (2024), and P.U. 2 (2025), and (iii) the July 1, 2025 Rate Stabilization Adjustment and Municipal Tax Adjustment ("MTA") factor.[1]

This report provides support for the Company's Application filed in compliance with the General Rate Order, and addresses the direction set out in the associated Board orders, which are summarized below:

- Order No. P.U. 16 (2024), along with Order No. P.U. 18 (2024), established current customer rates.[2] Order No. P.U. 16 (2024) also directed Newfoundland Power to address issues related to customer rates and cost recovery over the 2025 to 2027 timeframe.[3]

- Order No. P.U. 20 (2024), along with Order No. P.U. 24 (2024), approved the Company's rate of return on rate base and average rate base for 2024. Order No. P.U. 20 (2024) also directed that the 2024 revenue shortfall and the 2023 Excess Earnings Account balance be transferred to the Rate Stabilization Account ("RSA") on December 31, 2024.

- Order No. P.U. 2 (2025) approved the flow-through of supply costs and financing costs associated with the approval of a new wholesale rate to be charged to Newfoundland Power by Newfoundland and Labrador Hydro ("Hydro"), effective January 1, 2025.

2.0 Rate Base and Rate of Return on Rate Base

Newfoundland Power's Application includes revised calculations of forecast average rate base and rate of return on rate base for the 2025 and 2026 test years reflecting the requirements set out in the General Rate Order.[4] The General Rate Order maintained the allowed range of return on rate base of ± 18 basis points.[5]

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1 General Rate Order, page 76, lines 3-10.

2 Order Nos. P.U. 16 (2024) and P.U. 18 (2024) resulted in changes to the Rate Stabilization Adjustment and MTA factor in customer billings, effective August 1, 2024, and therefore do not have an impact on the 2025 and 2026 test year base rate revenue requirements beyond minor financing effects.

3 Customer rate smoothing considerations directed by Order No. P.U. 16 (2024), as well as the July 1, 2025 Rate Stabilization Adjustment and Municipal Tax Adjustment factor, are detailed in Schedule 2 to the Application.

4 General Rate Order, page 74, lines 7-14.

5 *Ibid.*, page 56, lines 27-28.

2.1 Rate Base

Appendix A to this report shows Newfoundland Power's revised 2025 forecast average rate base of $1,412,495,000 and revised 2026 forecast average rate base of $1,458,577,000.

The revised 2025 and 2026 forecast average rate base amounts are based on the proposals in the GRA, and the Board's determinations in the General Rate Order, as well as Order Nos. P.U. 20 (2024) and P.U. 2 (2025).

2.2 Rate of Return on Rate Base

Appendix B to this report shows the calculation of the revised rate of return on rate base of 6.65% for 2025 and 6.63% for 2026.

The revised 2025 and 2026 rate of return on rate base figures are based on the proposals in the GRA, and the Board's determinations in the General Rate Order, as well as Order Nos. P.U. 20 (2024) and P.U. 2 (2025). In particular, the revised figures reflect the Board's determinations in the General Rate Order that the rate of return on rate base for the 2025 and 2026 test years are to be based on (i) a common equity component in the capital structure not to exceed 45% and (ii) a rate of return on common equity of 8.6%.[6]

Appendix B also shows the calculation of the Company's return on rate base, which is reflective of its forecast weighted average cost of capital ("WACC") and forecast average rate base.[7]

3.0 Revenue Requirement

Newfoundland Power's Application includes revised calculations of forecast revenue requirement for the 2025 and 2026 test years reflecting the requirements set out in the General Rate Order.[8]

Appendix C to this report shows the Company's revised 2025 revenue requirement of $769,532,000 and revised 2026 revenue requirement of $806,675,000.

The revised 2025 and 2026 revenue requirements are based on the proposals in the GRA, and the Board's determinations in the General Rate Order, as well as Order Nos. P.U. 20 (2024) and P.U. 2 (2025).

3.1 Order Nos. P.U. 20 (2024) and P.U. 2 (2025)

The impact on 2025 and 2026 revenue requirements resulting from Order Nos. P.U. 20 (2024) and P.U. 2 (2025) are outlined in separate columns in Appendix C. The impacts are consistent

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6 *Ibid.*, page 74, lines 7-14.

7 This result is consistent with the Board's determinations associated with Newfoundland Power's 2024 return on rate base. See Order No. P.U. 20 (2024) Reasons for Decision, page 5, lines 20-27.

8 General Rate Order, page 74, lines 25-36.

with those provided in the response to Request for Information ("RFI") PUB-NP-004 filed as part of Newfoundland Power's *Wholesale Rate Flow-Through Application*.[9]

3.2 General Rate Order

In addition to the Board's determinations on cost of capital and power supply costs, the calculation of the revised 2025 and 2026 test year revenue requirements includes the following adjustments consistent with the General Rate Order.

Operating Costs
In the General Rate Order, the Board ordered the following related to 2025 and 2026 operating costs:

- A productivity allowance reduction of $2,000,000 in each of 2025 and 2026.[10]

- The exclusion of costs associated with short-term incentive payments related to executive and directors.[11] This results in an operating cost reduction of $856,000 in 2025 and $895,000 in 2026.

- The deferred recovery of costs related to Newfoundland Power's conversion to International Financial Reporting Standards.[12] This results in an operating cost reduction of $995,000 in 2025 and $495,000 in 2026.

The revised operating costs in the 2025 and 2026 revenue requirements outlined in Appendix C reflect these reductions.

2025 Revenue Shortfall
The revised 2025 Revenue Shortfall is $30,636,000. This compares to a revenue shortfall of $16,761,000 reflected in the Application. This difference results from the Board's determinations in the General Rate Order and Order Nos. P.U. 20 (2024) and P.U. 2 (2025).

Appendix D to this report details the revised 2025 Revenue Shortfall. As approved in the General Rate Order, the 2025 Revenue Shortfall will be amortized over a 30-month period from July 1, 2025 to December 31, 2027.[13]

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9 Attachment A, page 3 of 3 of RFI PUB-NP-004 provides the impact of Order Nos. P.U. 20 (2024) and P.U. 2 (2025) on 2025 revenue requirement. Attachment B, page 3 of 3 of RFI PUB-NP-004 provides the impact of Order Nos. P.U. 20 (2024) and P.U. 2 (2025) on 2026 revenue requirement.
10 General Rate Order, page 74, lines 30-31.
11 *Ibid*., page 74, lines 32-33.
12 *Ibid*., page 74, lines 34-36.
13 *Ibid*., page 75, lines 3-4.

Other Revenue (RSA Interest)

In the GRA, Newfoundland Power removed RSA balances and RSA interest revenue effective July 1, 2025 from its 2025 and 2026 test year forecasts. The removal of RSA balances and interest do not materially impact revenue requirement in a test year as return on debt and equity costs associated with RSA balances are largely offset by RSA interest revenue. However, their removal reduces volatility in working capital amounts, helping better align invested capital and rate base and, in turn, WACC and rate of return on rate base.

In the General Rate Order, the Board expressed concerns associated with differences in WACC and rate of return on rate base for the 2025 and 2026 test years.[14] In determining the Company's return on rate base for 2024 in Order No. P.U. 20 (2024), the Board, in effect, excluded return on debt and equity costs associated with RSA balances.[15] In Order No. P.U. 1 (2025), the Board approved a new wholesale rate to be charged by Hydro to Newfoundland Power, which reduces the volatility in the Company's working capital, and in particular, its RSA and associated supply cost mechanism balances.

In a further effort to align WACC and rate of return on rate base in the 2025 and 2026 test years, Newfoundland Power has removed RSA balances and interest revenue from its 2025 and 2026 test year forecasts.[16] The adjustment reduces other revenue, with an offsetting reduction in return on rate base, in the revised 2025 revenue requirement.[17]

4.0 Customer Rates

4.1 Compliance Rates

For the purposes of showing compliance with, and impacts of, the General Rate Order as well as Order Nos. P.U. 20 (2024) and P.U. 2 (2025), Appendix E to this report calculates customer rates that reflect the current August 1, 2024 Rate Stabilization Adjustment and MTA Factor ("Compliance Rates").[18]

The Compliance Rates were computed by applying the current Rate Stabilization Adjustment and MTA factor to base rates consistent with the rate design outlined in the GRA and approved in the General Rate Order. These base rates, when applied to the test year energy sales, recover the revised 2025 and 2026 test year revenue requirements outlined in Appendix C to the report.[19]

[14] *Ibid*., pages 53-55.

[15] The 2024 return on rate base was determined by applying Newfoundland Power's WACC to its 2024 average rate base. The calculation of average rate base does not include RSA balances.

[16] RSA balances and interest were removed from the 2024 forecast as well to ensure that 2025 average invested capital does not include RSA balances.

[17] The reduction in 2025 other revenue of $2,590,000 as outlined on page 1 in Appendix C is offset by a reduction in 2025 return on rate base of approximately $2,550,000.

[18] The current Rate Stabilization Adjustment and MTA factor were approved in Order Nos. P.U. 16 (2024) and P.U. 18 (2024).

[19] Base rates exclude the Rate Stabilization Adjustment and MTA factor, as these adjustments are not revenue or expense items.

The customer rate impact associated with the Compliance Rates is an average overall increase in electricity rates of 8.5% for consumption on and after July 1, 2025.

Appendix F to this report shows the computation of average customer billing impacts by rate class using the Compliance Rates.

4.2 Proposed Customer Rates, Rules and Regulations

The Compliance Rates as presented in Appendix E are not proposed for implementation. The customer rates proposed for implementation are outlined in Schedule 2 to the Application in a report titled *Proposed Customer Rates, Rules and Regulations to be effective July 1, 2025* (the "Customer Rates Report"). This is consistent with the direction from the Board in the General Rate Order, which stated that the proposed customer rates should incorporate the July 1, 2025 Rate Stabilization Adjustment and MTA factor and consider issues associated with customer rate smoothing in accordance with Order No. P.U. 16 (2024).

The Customer Rates Report also provides the rules and regulations governing service which are proposed to be effective July 1, 2025.

Newfoundland Power Inc.

Forecast Average Rate Base[1]
2025 and 2026 Test Years
($000s)

		2025P[2]	Adjustment	2025R	2026P[2]	Adjustment	2026R
1	Plant Investment	1,381,842	-	1,381,842	1,425,802	-	1,425,802
2							
3	Additions to Rate Base						
4	Defined Benefit Pension Costs	108,876	-	108,876	112,167	-	112,167
5	Deferred Credit Facility Costs	37	-	37	-	-	-
6	Cost Recovery Deferral - Hearing Costs	280	-	280	420	-	420
7	Cost Recovery Deferral - Conservation	22,010	-	22,010	22,242	-	22,242
8	Cost Recovery Deferral - 2024 Revenue Shortfall[3]	4,235	(4,235)	-	2,823	(2,823)	-
9	Cost Recovery Deferral - 2025 Revenue Shortfall[4]	4,693	3,885	8,578	7,040	5,827	12,867
10	Cost Recovery Deferral - Load Research & Rate Design	800	-	800	902	-	902
11	Cost Recovery Deferral - Pension Capitalization	1,020	-	1,020	672	-	672
12	Cost Recovery Deferral - IFRS[5]	-	348	348	-	870	870
13	Customer Finance Programs	1,435	-	1,435	1,450	-	1,450
14		143,386	(2)	143,384	147,716	3,874	151,590
15							
16	Deductions from Rate Base						
17	Other Post-Employment Benefits	89,012	-	89,012	90,703	-	90,703
18	Customer Security Deposits	1,270	-	1,270	1,270	-	1,270
19	Accrued Pension Obligation	5,706	-	5,706	5,885	-	5,885
20	Accumulated Deferred Income Taxes	35,249	-	35,249	37,782	-	37,782
21	Excess Earnings Account[3]	3,566	(3,566)	-	3,566	(3,566)	-
22	Refundable Investment Tax Credits	265	-	265	247	-	247
23		135,068	(3,566)	131,502	139,453	(3,566)	135,887
24							
25	Average Rate Base Before Allowances	1,390,160	3,564	1,393,724	1,434,065	7,440	1,441,505
26							
27	Cash Working Capital Allowance[6]	1,475	(104)	1,371	1,713	(63)	1,650
28							
29	Materials and Supplies Allowance	15,181	-	15,181	15,422	-	15,422
30							
31	General Rate Order Adjustment[7]	-	2,219	2,219	-	-	-
32							
33	**Average Rate Base at Year End**	1,406,816	5,679	1,412,495	1,451,200	7,377	1,458,577

[1] All amounts shown are averages. The "P" suffix stands for Proposed and the "R" suffix stands for Revised.

[2] As filed in the GRA in Exhibit 6.

[3] Order No. P.U. 20 (2024), along with Order No. P.U. 24 (2024), directed that the 2024 Revenue Shortfall and the 2023 Excess Earnings Account balance be transferred to the Rate Stabilization Account on December 31, 2024.

[4] The revised 2025 Revenue Shortfall is outlined in Appendix D. The 2025 Revenue Shortfall of $24.5 million, on an after-tax and average basis, is $8.6 million at December 31, 2025 [24.5/2 x 0.7] and $12.9 million at December 31, 2026 [(24.5 + 12.3)/2 x 0.7].

[5] In the General Rate Order, the Board approved the creation of the International Financial Reporting Standards Cost Deferral Account. The forecast balance, on an after-tax and average basis, is $0.3 million at December 31, 2025 [$1.0 million/2 x 0.7] and $0.9 million at December 31, 2026 [($1.0 million + $1.5 million)/2 x 0.7)].

[6] Due to revisions to total operating expenses for the Cash Working Capital Allowance, which includes purchased power costs, pursuant to the General Rate Order and Order No. P.U. 2 (2025).

[7] In the General Rate Order, the Board required that the calculation of forecast average rate base be revised for, among other things, Order No. P.U. 20 (2024). Order No. P.U. 20 (2024), along with Order No. P.U. 24 (2024), set the Company's average rate base for 2024. The $2.2 million adjustment is the result of the 2025 average rate base calculation incorporating the 2024 average rate base amount of $1,362.8 million approved in Order No. P.U. 24 (2024).

Newfoundland Power Inc.

2025 Rate of Return on Rate Base
($000s)

		2025P[1]	Changes	2025R
1				
2	**Average Capitalization**			
3	Debt	786,781	(8,012)	778,769
4	Common Equity	640,195	(6,597)	633,598
5		1,426,976	(14,609)	1,412,367
6				
7	**Average Capital Structure (%)**			
8	Debt	55.14	0.00	55.14
9	Common Equity	44.86	(0.00)	44.86
10		100.00	0.00	100.00
11				
12	**Cost of Capital (%)**			
13	Debt	5.21	(0.15)	5.06
14	Common Equity	9.85	(1.25)	8.60
15				
16	**Weighted Average Cost of Capital (%)**			
17	Debt	2.87	(0.08)	2.79
18	Common Equity	4.42	(0.56)	3.86
19		7.29	(0.64) [2]	6.65
20				
21	**Return on Rate Base**			
22	Return on Debt	41,002	(1,594)	39,408
23	Return on Common Equity	63,047	(8,564)	54,483
24		104,049	(10,158) [2]	93,891
25				
26	2025 Average Rate Base ($000s)	1,406,816	5,679	1,412,495
27				
28	**2025 Rate of Return on Rate Base (%)**	7.40	(0.75) [2]	6.65

[1] As filed in the GRA in Exhibit 8.

[2] Primarily resulting from a reduction in return on equity in accordance with the General Rate Order. Also reflects financing effects associated with the removal of RSA balances and the implementation of a new wholesale rate, effective January 1, 2025, as approved by the Board in Order No. P.U. 2 (2025).

Newfoundland Power Inc.

2026 Rate of Return on Rate Base
($000s)

		2026P[1]	Changes	2026R
1				
2	**Average Capitalization**			
3	Debt	791,407	11,601	803,008
4	Common Equity	646,448	9,547	655,995
5		1,437,855	21,148	1,459,003
6				
7	**Average Capital Structure (%)**			
8	Debt	55.04	(0.00)	55.04
9	Common Equity	44.96	0.00	44.96
10		100.00	0.00	100.00
11				
12	**Cost of Capital (%)**			
13	Debt	5.18	(0.17)	5.01
14	Common Equity	9.85	(1.25)	8.60
15				
16	**Weighted Average Cost of Capital (%)**			
17	Debt	2.85	(0.09)	2.76
18	Common Equity	4.43	(0.56)	3.87
19		7.28	(0.65)[2]	6.63
20				
21	**Return on Rate Base**			
22	Return on Debt	41,016	(782)	40,234
23	Return on Common Equity	63,651	(7,251)	56,400
24		104,667	(8,033)[2]	96,634
25				
26	2026 Average Rate Base ($000s)	1,451,200	7,377	1,458,577
27				
28	**2026 Rate of Return on Rate Base (%)**	7.21	(0.58)[2]	6.63

[1] As filed in the GRA in Exhibit 8.

[2] Primarily resulting from a reduction in return on equity in accordance with the General Rate Order. Also reflects financing effects associated with the implementation of a new wholesale rate, effective January 1, 2025, as approved by the Board in Order No. P.U. 2 (2025).

Newfoundland Power Inc.

2025 Revenue Requirement[1]
($000s)

		2025P[2]	Order No. P.U. 20 (2024)[3]	Order No. P.U. 2 (2025)[3]	General Rate Order	2025R
1	**Costs**					
2	Power Supply Cost	530,628	-	(11,783)	-	518,845
3	Operating Costs	81,903	-	-	(3,851) [4]	78,052
4	Employee Future Benefit Costs	8,122	-	-	-	8,122
5	Deferred Cost Recoveries and Amortizations	(11,571)	(6,728)	(12,581)	6,869 [5]	(24,011)
6	Depreciation	83,143	-	-	-	83,143
7	Income Taxes	27,466	48	50	(3,767) [6]	23,797
8		719,691	(6,680)	(24,314)	(749)	687,948
9						
10	**Return on Rate Base**	104,049	409	(740)	(9,827) [6]	93,891
11						
12	**2025 Revenue Requirement**	823,740	(6,271)	(25,054)	(10,576)	781,839
13						
14	**Adjustments**					
15	Other Revenue	(9,223)	(118)	26	2,590 [6]	(6,725)
16	Interest on Security Deposits	72	-	-	-	72
17	Energy Supply Cost Variance Adjustments	(40,165)	-	40,165	-	-
18	Other Transfers to RSA	(5,654)	-	-	-	(5,654)
19		(54,970)	(118)	40,191	2,590	(12,307)
20						
21	**2025 Revenue Requirement from Rates**	768,770	(6,389)	15,137	(7,986)	769,532

[1] Revised to include the determinations of the Board in Order Nos. P.U. 16 (2024), P.U. 20 (2024), P.U. 2 (2025) and the General Rate Order. Order No. P.U. 16 (2024) and the associated Order No. P.U. 18 (2024) would not impact base rate revenue requirements beyond minor financing effects.

[2] As filed in the GRA in Exhibit 7.

[3] The impacts of Order Nos. P.U. 20 (2024) and P.U. 2 (2025) are consistent with those outlined in the response to Request to Information ("RFI") PUB-NP-004 filed as part of the Company's *Wholesale Rate Flow-Through Application* . For details associated with the impacts of these orders on 2025 revenue requirement, see Attachment A, page 3 to the response to RFI PUB-NP-004. Immaterial differences reflect the finalization of revenue shortfall and financing effects.

[4] The reduction in operating costs is due to the Board ordered productivity allowance, removal of short-term incentive costs and removal of costs associated with Newfoundland Power's conversion to International Financial Reporting Standards. See section 3.2 of Schedule 1, *2025/2026 GRA Compliance Report* , for further information.

[5] The 2025 revenue requirement amount of ($24,011,000) for Deferred Cost Recoveries and Amortizations includes amortization of $498,000 associated with the Pension Capitalization Cost Deferral Account. The remaining amount of ($24,509,000) relates to the 2025 Revenue Shortfall. See Schedule 1, Appendix D for details associated with the 2025 Revenue Shortfall.

[6] Primarily resulting from a reduction in return on equity. 2025 revenue requirement also includes impacts associated with the removal of RSA balances and interest as outlined in section 3.2 of Schedule 1, *2025/2026 GRA Compliance Report* .

Newfoundland Power Inc.

2026 Revenue Requirement[1]
($000s)

		2026P[2]	Order No. P.U. 20 (2024)[3]	Order No. P.U. 2 (2025)[3]	General Rate Order	2026R
1	**Costs**					
2	Power Supply Cost	522,388	-	(6,756)	-	515,632
3	Operating Costs	84,940	(1)	-	(3,392) [4]	81,547
4	Employee Future Benefit Costs	1,812	-	-	-	1,812
5	Deferred Cost Recoveries and Amortizations	9,888	10	6,290	(3,436) [5]	12,752
6	Depreciation	86,691	-	-	-	86,691
7	Income Taxes	27,541	84	53	(3,243) [6]	24,435
8		733,260	93	(413)	(10,071)	722,869
9						
10	**Return on Rate Base**	104,667	294	(167)	(8,160) [6]	96,634
11						
12	**2026 Revenue Requirement**	837,927	387	(580)	(18,231)	819,503
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	Other Transfers to RSA	(6,042)	1	-	2	(6,039)
19		(48,325)	-	35,495	2	(12,828)
20						
21	**2026 Revenue Requirement from Rates**	789,602	387	34,915	(18,229)	806,675

[1] Revised to include the determinations of the Board in Order Nos. P.U. 16 (2024), P.U. 20 (2024), P.U. 2 (2025) and the General Rate Order. Order No. P.U. 16 (2024) and the associated Order No. P.U. 18 (2024) would not impact base rate revenue requirements beyond minor financing effects.

[2] As filed in the GRA in Exhibit 7.

[3] The impacts of Order Nos. P.U. 20 (2024) and P.U. 2 (2025) are consistent with those outlined in the response to RFI PUB-NP-004 filed as part of the Company's *Wholesale Rate Flow-Through Application* . For details associated with the impacts of these orders on 2026 revenue requirement, see Attachment B, page 3 to the response to RFI PUB-NP-004.

[4] The reduction in operating costs is due to the Board ordered productivity allowance, removal of short-term incentive costs and removal of costs associated with Newfoundland Power's conversion to International Financial Reporting Standards. See section 3.2 of Schedule 1, *2025/2026 GRA Compliance Report* , for further information. Also includes a minor revision to the electrification cost amortization, which has an offsetting impact in the Other Transfers to RSA adjustment shown on line 18.

[5] The 2026 revenue requirement amount of $12,752,000 for Deferred Cost Recoveries and Amortizations includes amortization of $498,000 associated with the Pension Capitalization Cost Deferral Account. The remaining amount of $12,254,000 relates to the amortization of the 2025 Revenue Shortfall. See Schedule 1, Appendix D for details associated with the 2025 Revenue Shortfall.

[6] Primarily resulting from a reduction in return on equity.

Newfoundland Power Inc.

2025 Revenue Shortfall

The 2025 Revenue Shortfall reflecting the General Rate Order is $30,636,000. This compares to a revenue shortfall of $16,761,000 reflected in the Application. The difference is a result of the Board's determinations in the General Rate Order and Order Nos. P.U. 20 (2024) and P.U. 2 (2025).[1]

Table 1 provides the proposed amortization schedule for the 2025 Revenue Shortfall reflecting the General Rate Order and the revenue requirement impact of the change in the amortization schedule from that reflected in the Application.[2]

Table 1:
2025 Revenue Shortfall
Revenue Requirement Impact
2025 to 2027
($000s)

	2025	**2026**	**2027**
2025 Proposed Revenue Shortfall[3]	(13,407)	6,707	6,707
2025 Revised Revenue Shortfall[4]	(24,509)	12,254	12,254
Revenue Requirement Impact	(11,102)	5,547	5,547

1 The $13.9 million increase in the 2025 Revenue Shortfall reflects a $6.7 million increase resulting from Order No. P.U. 20 (2024) and a $15.7 million increase resulting from Order No. P.U. 2 (2025), partially offset by a $8.5 million decrease resulting from the General Rate Order. The impacts of Order Nos. P.U. 20 (2024) and P.U. 2 (2025) were outlined in the responses to RFI PUB-NP-001 (Table 1) and RFI PUB-NP-003 (Attachment A) filed as part of Newfoundland Power's *Wholesale Rate Flow-Through Application*.

2 The General Rate Order provides for the recovery of the revised 2025 Revenue Shortfall through a regulatory amortization reflected in the 2025 and 2026 revenue requirements beginning on July 1, 2025 and concluding on December 31, 2027. See page 75, lines 3-4 of the General Rate Order.

3 See page 3-58 of the Finance Evidence filed in the GRA.

4 For 2025, the revised revenue requirement impact is $30,636,000 – (6 x $1,021,200) = $24,508,800. For 2026 and 2027, the impact is $1,021,200 x 12 = 12,254,400. For rate base purposes, the 2026 year-end balance of the 2025 Revenue Shortfall is $12,254,400 (before income tax effects).

Newfoundland Power Inc.

Conversion of Base Rates to Compliance Rates[1]

Rate Class A	Base Rate B	Calculation C	Compliance Rate D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	$16.96	$16.96 x (1 - 0.015) x 1.02407 x [1 / (1 - 0.015)]	$17.37
Exceeding 200 Amp Service	$21.84	Compliance Not Exceeding 200 Amp Service B.C.C. plus $5	$22.37
Energy Charge - All kilowatt hours (¢/kWh)	12.909	[12.909 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	15.436
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	$16.96	Same as B.C.C.	$17.37
Exceeding 200 Amp Service	$21.84	Same as B.C.C.	$22.37
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	$16.96	Same as Rate 1.1 B.C.C	$17.37
Exceeding 200 Amp Service	$21.84	Same as Rate 1.1 B.C.C	$22.37
Energy Charge (¢/kWh)			
Winter Seasonal	13.862	Same as Rate 1.1 Customer Energy Charge + 0.953	16.389
Non-Winter Seasonal	11.612	Same as Rate 1.1 Customer Energy Charge - 1.297	14.139
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	$16.96	Same as B.C.C	$17.37
Exceeding 200 Amp Service	$21.84	Same as B.C.C	$22.37
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Un-Metered	$13.75	Compliance B.C.C Single Phase minus $8	$14.08
Single Phase	$21.56	$21.56 x (1 – 0.015) x 1.02407 x [1 / (1 – 0.015)]	$22.08
Three Phase	$33.27	Compliance B.C.C Single Phase plus $12	$34.08
Demand Charge (per kW)			
Winter	$10.27	Other Demand Charge plus $2.50	$10.52
Other	$7.83	$7.83 x (1 – 0.015) x 1.02407 x [1 / (1 – 0.015)]	$8.02
Energy Charge (¢/kWh)			
First 3,500 kWh	12.759	[12.759 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	15.283
All Excess kWh	9.586	[9.586 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	12.033
Maximum Energy Charge (¢/kWh)	22.158 + B.C.C.	[22.158 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	24.908 + B.C.C.
Minimum Monthly Charge			
Un-Metered	$13.75	Same as B.C.C. Un-Metered	$14.08
Single Phase	$21.56	Same as B.C.C. Single Phase	$22.08
Three Phase	$33.27	Same as B.C.C. Three Phase	$34.08

[1] Compliance Rates calculated based upon RSA and the MTA Factor effective August 1, 2024.

Newfoundland Power Inc.

Conversion of Base Rates to Compliance Rates[1]

Rate Class A	Base Rate B	Calculation C	Compliance Rate D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	$52.42	$52.42 x (1 – 0.015) x 1.02407 x [1 / (1 – 0.015)]	$53.68
Demand Charge (per kVA)			
Winter	$8.59	Other Demand Charge plus $2.50	$8.80
Other	$6.15	$6.15 x (1 – 0.015) x 1.02407 x [1 / (1 – 0.015)]	$6.30
Energy Charge (¢/kWh)			
First 150 kWh/kVA of billing demand (max. 50,000 kWh)	10.855	[10.855 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	13.333
All Excess kWh	8.755	[8.755 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	11.182
Maximum Energy Charge (¢/kWh)	22.158 + B.C.C.	[22.158 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	24.908 + B.C.C.
Minimum Monthly Charge	$52.42	Same as B.C.C.	$53.68
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	$91.35	$91.35 x (1 – 0.015) x 1.02407 x [1 / (1 – 0.015)]	$93.55
Demand Charge (per kVA)			
Winter	$8.21	Other Demand Charge plus $2.50	$8.41
Other	$5.77	$5.77 x (1 – 0.015) x 1.02407 x [1 / (1 – 0.015)]	$5.91
Energy Charge (¢/kWh)			
First 75,000 kWh	10.468	[10.468 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	12.937
All Excess kWh	8.669	[8.669 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	11.094
Maximum Energy Charge (¢/kWh)	22.158 + B.C.C.	[22.158 x (1 – 0.015) + 2.132] x 1.02407 x [1 / (1 – 0.015)]	24.908 + B.C.C.
Minimum Monthly Charge	$91.35	Same as B.C.C.	$93.55

[1] Compliance Rates calculated based upon RSA and the MTA Factor effective August 1, 2024.

Newfoundland Power Inc.

Conversion of Base Rates to Compliance Rates[1]

Rate Class A	Base Rate B	Monthly kWh C	Calculation D	Compliance Rate E
Rate #4.1: Street and Area Lighting Service[2]				
High Pressure Sodium				
HPS 100 W Sentinel/Standard	$19.27	38	[19.27 + (38 x 2.132 ¢/kWh)] x 1.02407	$20.56
HPS 100 W Post Top	$20.54	38	[20.54 + (38 x 2.132 ¢/kWh)] x 1.02407	$21.86
HPS 150 W Sentinel/Standard	$24.02	60	[24.02 + (60 x 2.132 ¢/kWh)] x 1.02407	$25.91
HPS 250 W Sentinel/Standard	$34.18	105	[34.18 + (105 x 2.132 ¢/kWh)] x 1.02407	$37.30
HPS 400 W Sentinel/Standard	$47.95	163	[47.95 + (163 x 2.132 ¢/kWh)] x 1.02407	$52.66
Light Emitting Diode				
LED 100 W Sentinel/Standard	$16.92	18	[16.92 + (18 x 2.132 ¢/kWh)] x 1.02407	$17.72
LED 150 W Sentinel/Standard	$20.13	28	[20.13 + (28 x 2.132 ¢/kWh)] x 1.02407	$21.23
LED 250 W Sentinel/Standard	$24.71	40	[24.71+ (40 x 2.132 ¢/kWh)] x 1.02407	$26.18
LED 400 W Sentinel/Standard	$29.42	55	[29.42 + (55 x 2.132 ¢/kWh)] x 1.02407	$31.33
Poles				
Wood	$6.58		6.58 x 1.02407	$6.74
30’ Concrete or Metal	$8.99		8.99 x 1.02407	$9.21
45’ Concrete or Metal	$14.86		14.86 x 1.02407	$15.22
25’ Concrete or Metal, Post Top	$6.26		6.26 x 1.02407	$6.41
Underground Wiring (per run)				
All sizes and types of fixtures	$15.00		15.00 x 1.02407	$15.36

[1] Compliance Rates calculated based upon RSA and the MTA Factor effective August 1, 2024.

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

Newfoundland Power Inc.

2026 Average Customer Billing Impacts - Compliance Rates
(includes August 1, 2024 RSA and MTA)
($000s)

	Category	Existing Rates	Adjustment Due to Price Elasticity	Adjusted Existing Rates	Compliance Rates	Difference	Compliance Rate Increase
1		(A)[1]	(B)[2]	(C)[3]	(D)[4]	(E)[5]	(F)[6]
2							
3	1.1 Domestic	551,968	(6,318)	545,650	592,291	46,641	8.5%
4	1.1S Domestic Seasonal	1,827	-	1,827	1,983	156	8.5%
5	Total Domestic	553,795	(6,318)	547,477	594,274	46,797	8.5%
6							
7	2.1 General Service 0-100 kW	117,390	(333)	117,057	127,003	9,946	8.5%
8	2.3 General Service 110-1000 kVA	137,659	-	137,659	149,069	11,410	8.3%
9	2.4 General Service over 1000 kVA	59,569	-	59,569	64,417	4,848	8.1%
10	Total General Service	314,618	(333)	314,285	340,489	26,204	8.3%
11							
12	4.1 Street and Area Lighting[7]	16,741	-	16,741	18,370	1,629	9.7%
13	Forfeited Discounts	3,138	(29)	3,109	3,374	265	8.5%
14							
15	**Total**	888,292	(6,680)	881,612	956,507	74,895	8.5%

[1] Column A is the forecast revenue plus RSA and MTA effective August 1, 2024 under existing rates based on the 2026 test year sales forecast without elasticity impacts.

[2] Column B is the elasticity impact on existing customer billings including changes to existing customer rates associated with Order Nos. P.U. 16 (2024), P.U. 18 (2024), and P.U. 20 (2024).

[3] Column C is the forecast customer billings under existing rates adjusted for elasticity impacts (Column A + Column B).

[4] Column D is the forecast customer billings under the Compliance Rates including RSA and MTA effective August 1, 2024.

[5] Column E is the difference between forecast under Compliance Rates and that under existing rates adjusted for elasticity (Column D - Column C).

[6] Column F is the Compliance rate increase as a result of Newfoundland Power's GRA (Column E / Column C).

[7] The Street and Area Lighting class has lower Rate Stabilization Adjustment billings than the other classes of service. As a result, the average base rate increase results in a comparatively higher total customer billing impact for the Street and Area Lighting class when compared to the other classes of service.

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 (the "Application") by Newfoundland Power Inc. in compliance with Order No. P.U. 3 (2025) for approval of:

(i) 2025 and 2026 forecast average rate base, rate of return on rate base and revenue requirements, and
(ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1, 2025.

Proposed Customer Rates, Rules and Regulations

to be effective July 1, 2025

NEWFOUNDLAND POWER
A FORTIS COMPANY

Schedule 2

Table of Contents

Page

1.0 Overview

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"), its Conservation and Demand Management ("CDM") Cost Recovery Adjustment and its Project Cost Recovery Rider (collectively, the "Wholesale Rate Adjustments").[2] Hydro filed its application to revise the Utility Rate effective July 1, 2025 on April 15, 2025.

Current Customer Rates reflect a Rate Stabilization Adjustment of 2.132 ¢/kWh and an MTA factor of 1.02407. Newfoundland Power's current customer rates were established by the Board of Commissioners of Public Utilities (the "Board") in Order Nos. P.U. 16 (2024) and P.U. 18 (2024) and became effective August 1, 2024.

In Order No. P.U. 3 (2025) (the "General Rate Order"), the Board approved a change in Customer Rates effective July 1, 2025.[3] The Board required that the Customer Rates reflect the determinations of the Board in Order Nos. P.U. 16 (2024), P.U. 20 (2024), P.U. 2 (2025) and the General Rate Order, as well as incorporate the annual Rate Stabilization Adjustment and MTA factor change.[4]

Appendix E to the *2025/2026 GRA Compliance Report* contains the proposed base rates which will recover the 2025 and 2026 test year revenue requirements. The proposed Rate Stabilization Adjustment and MTA factor provided in Appendices A and C to this report will apply to these new base rates in deriving the Customer Rates to become effective July 1, 2025.

In determining the proposed Rate Stabilization Adjustment, the Company considered issues related to customer rate smoothing (rate shock, rate stability and the timely recovery of prudent costs) as directed by the Board in Order No. P.U. 16 (2024).[5]

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1 See the Rate Stabilization Clause and the Municipal Tax Clause in Newfoundland Power's *Schedule of Rates, Rules & Regulations*, effective August 1, 2024.

2 The Utility Rate consists of: (i) a base rate and (ii) the Wholesale Rate Adjustments.

3 General Rate Order, page 76, lines 3-10.

4 In the General Rate Order, the Board made a number of determinations on proposals contained in, and matters arising from, Newfoundland Power's *2025/2026 General Rate Application* ("2025/2026 GRA").

5 See Order No. P.U. 16 (2024) Reasons for Decision ("Order No. P.U. 16 (2024)"), page 6.

2.0 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 1.02407. The Company is proposing an MTA factor of 1.02458 to be effective July 1, 2025.

Appendix A to this report sets out the calculation of the proposed MTA factor.

3.0 Rate Stabilization Adjustment

3.1 General

The principal purpose of the Rate Stabilization Adjustment is to ensure variations in the Company's purchased power costs from the amount reflected in base customer rates are recovered in a timely manner.[6]

The Rate Stabilization Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the Rate Stabilization Adjustment. The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect any change in Hydro's Wholesale Rate Adjustments and the accumulated balance in Newfoundland Power's Rate Stabilization Account ("RSA") as of March 31st of the current year.

The determination of the Rate Stabilization Adjustment is also subject to adjustments as ordered by the Board.[7] The current Rate Stabilization Adjustment includes a $18.8 million credit adjustment as a result of limited recovery of the $51.7 million RSA balance owing from customers as of March 31, 2024 in accordance with Order No. P.U. 16 (2024).[8] The Board directed that the unrecovered RSA balance of $18.8 million be maintained in the RSA and addressed as part of the recovery of Newfoundland Power's RSA balance as of March 31, 2025.

Order No. P.U. 16 (2024) also required, in effect, that the Company consider if it would be reasonable to include a similar credit adjustment in determining the Rate Stabilization Adjustment for July 1, 2025 to address issues related to customer rate smoothing.

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6 Of the $127.6 million in current Rate Stabilization Adjustment billings, approximately 98% relates to the recovery of purchased power costs.

7 See paragraph 6 of the Rate Stabilization Clause.

8 See pages 5 and 6 of Order No. P.U. 16 (2024) as well as Schedule 2 of Newfoundland Power's application filed in compliance with Order No. P.U. 16 (2024) on July 17, 2024. The Company's compliance application was approved by the Board in Order No. P.U. 18 (2024).

3.2 Calculated Rate Stabilization Adjustment, before Customer Rate Smoothing

Table 1 provides an analysis of the changes from the existing Rate Stabilization Adjustment, effective August 1, 2024 to the calculated Rate Stabilization Adjustment for July 1, 2025, before consideration of an adjustment related to customer rate smoothing for July 1, 2025.

Table 1:
Calculated Rate Stabilization Adjustment
(Before Customer Rate Smoothing for July 1, 2025)
(¢/kWh)

	Existing	Change	Calculated
Hydro's Wholesale Rate Adjustments[9]	1.578	0.326	1.904
March 31st RSA Balance[10]	0.554	0.653	1.207
Total	**2.132**	**0.979**	**3.111**

The change in Hydro's Wholesale Rate Adjustments results in a 0.326 ¢/kWh increase in the calculated Rate Stabilization Adjustment. The increase provides for a 2.25% customer rate increase to the domestic rate class, consistent with Order in Council OC2024-062.[11]

The change in the Company's RSA balance as of March 31, 2024 to March 31, 2025 results in a 0.653 ¢/kWh increase in the calculated Rate Stabilization Adjustment. The increase is primarily due to the deferred recovery of $18.8 million in purchased power costs associated with the March 31, 2024 RSA balance.[12]

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9 Hydro's total Wholesale Rate Adjustments to Newfoundland Power of 1.948 ¢/kWh proposed in its *Application for July 1, 2025 Utility Rate Adjustments* translates to a 1.904 ¢/kWh Rate Stabilization Adjustment for Newfoundland Power customers. The 0.044 ¢/kWh difference exists because Hydro's Wholesale 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.

10 The increase in the RSA balance translates to a calculated Rate Stabilization Adjustment impact of 0.653 ¢/kWh as follows:

		March 31, 2025	March 31, 2024
Balance in RSA ($)	**A**	70,374,636	51,726,434
RSA balance withheld ($)	**B**	-	(18,800,000)
Net RSA balance recovered ($)	**C**	**70,374,636**	**32,926,434**
Energy sales (kWh)	**D**	5,830,239,000	5,946,357,000
Rate Stabilization Adjustment impact (¢/kWh)	**E = C / D**	1.207	0.554
Difference (¢/kWh)		**1.207 – 0.554 = 0.653**	

11 See Hydro's *Application for July 1, 2025 Utility Rate Adjustments*, *Schedule 2 – Calculation of Average End-Customer Billing Impacts by Newfoundland Power Inc.,* page 1 of 2.

12 If the Rate Stabilization Adjustment on August 1, 2024 was set based on the total $51.7 million RSA balance as of March 31, 2024, the Company estimates the RSA balance on March 31, 2025 would have been $56.1 million on a *pro forma* basis. Under this scenario, the estimated change in the calculated Rate Stabilization Adjustment associated with the change in the RSA balance would have been 0.093 ¢/kWh on a *pro forma* basis.

3.3 Customer Rate Smoothing

Before the proposed Rate Stabilization Adjustment can be determined, issues related to rate shock, rate stability and the timely recovery of prudent costs must be addressed as directed by the Board in Order No. P.U. 16 (2024).[13] The Board's direction reflects the consideration of the following regulatory principles:[14]

- *Rate Stability and Predictability:* Customer rates should be stable and predictable from year to year with a minimum of unexpected changes seriously adverse to either customers or utilities. This principle may justify smoothing out increases to avoid sharp rate climbs or temporary fluctuations.

- *Cost of Service*: Customer rates must allow the recovery of costs for regulated operations. The costs should be incurred and recovered (matching costs and benefits) during the same period.

- *End Result:* In compliance with legislation, the end result must be fair, just and reasonable from the perspective of both the customer and utility. The provincial power policy requires that customer rates should recover a utility's prudent costs as construed under the *Public Utilities Act* so that it is able to achieve and maintain a sound credit rating in the financial markets of the world.[15]

Rate Stability and Predictability

Table 2 provides a *pro forma* customer rate forecast over the 2025 to 2027 timeframe, before consideration of an adjustment related to customer rate smoothing for July 1, 2025.

Table 2:
***Pro Forma* Customer Rate Forecast**
(Before Customer Rate Smoothing for July 1, 2025)
(%)

	2025PF[16]	**2026PF**	**2027PF**
2025/2026 GRA Compliance[17]	8.5	-	-
Hydro's Wholesale Rate Adjustments[18]	2.3	2.3	2.3
RSA/MTA[19]	4.5	(5.0)	(2.8)
Total	**15.3**	**(2.7)**	**(0.5)**

13 See Order No. P.U. 16 (2024), page 6.
14 These regulatory principles are outlined on pages 28 and 29 of Order No. P.U. 7 (2002-2003).
15 See the *Electrical Power Control Act, 1994 ("EPCA")*, section 3(a)(iii).
16 The "PF" suffix means *Pro Forma*.
17 See *Schedule 1, 2025/2026 GRA Compliance Report, Section 4.0 Customer Rates*. Of the 8.5% customer rate increase, 4.0% is associated with the recovery of power supply costs approved by the Board in Order No. P.U. 2 (2025).
18 The target 2.25% customer rate increase to the domestic rate class provides for an overall average customer rate impact of 2.3%. See Hydro's *Application for July 1, 2025 Utility Rate Adjustments*, *Schedule 2 – Calculation of Average End-Customer Billing Impacts by Newfoundland Power Inc.,* page 1 of 2.
19 2025PF is based on the calculated Rate Stabilization Adjustment and the proposed MTA factor.

Without customer rate smoothing, the overall average customer rate increase would be 15.3% effective July 1, 2025, followed by forecast customer rate decreases of 2.7% and 0.5% in 2026 and 2027, respectively.[20] In Newfoundland Power's view, it is reasonable to smooth the large customer rate increase in 2025 with the anticipated customer rate decreases in 2026 and 2027.

In Order No. P.U. 16 (2024), the Board directed that the overall average customer rate change effective July 1, 2024 be reduced from the proposed 9.3% increase to 7.0%, resulting in no customer rate class experiencing a customer rate increase greater than 10%.[21] The Company also observes that the customer rate change for July 1, 2023 was an overall average customer rate increase of 6.9%.[22]

Based on the foregoing, Newfoundland Power endeavoured to limit the overall average customer rate increase to 7.0% for July 1, 2025. This approach required an assessment of the level of unrecovered RSA balances over the 2025 to 2027 timeframe to ensure no year exceeds the 7.0% target customer rate increase.

Cost of Service

Table 3 provides the unrecovered RSA balance for 2025 as well as for 2026 and 2027 necessary to limit the annual customer rate increase to 7.0%. The table also provides the unrecovered RSA balance for 2024 for continuity purposes.

Table 3:
Unrecovered RSA Balances
(As of March 31st)[23]

2024	2025	2026PF	2027PF
$18.8 million	$70.0 million	$29.0 million	-

To limit the customer rate increase to an overall average of 7.0% for July 1, 2025, the unrecovered RSA balance would increase from $18.8 million in 2024 to $70.0 million in 2025. To maintain a customer rate increase of 7.0% for July 1, 2026, an estimated unrecovered RSA balance of $29.0 million would still be necessary. There would be no unrecovered RSA balance associated with the July 1, 2027 rate adjustment, allowing for previously deferred RSA balances to be fully collected from customers by June 30, 2028.

The unrecovered RSA balance associated with the Rate Stabilization Adjustment to be effective July 1, 2025 is significant. Essentially the entire RSA balance as of March 31, 2025 would be

[20] The RSA/MTA related increase in 2025PF reflects the recovery of the increased RSA balance as of March 31, 2025. The subsequent RSA/MTA related decreases in 2026PF and 2027PF reflect the full recovery of the March 31, 2025 RSA balance along with minimal transfers to the RSA related to purchased power costs in those years. Minimal purchased power costs related RSA transfers are anticipated in those years as a result of (i) the rebasing of purchased power costs in the 2025/2026 GRA, and (ii) the implementation of the new Utility Rate effective January 1, 2025, which reduces volatility in purchased power costs.

[21] See page 5 of Order No. P.U. 16 (2024).

[22] See Order No. P.U. 17 (2023).

[23] The same process that was used to target the 7.0% customer rate increase in 2024 would be used for 2025 to 2027. The Rate Stabilization Adjustment in each respective year would be reduced by the estimated amounts in Table 3 to provide for the targeted result.

deferred for future recovery.[24] The deferred amount of $70.0 million is approximately three times larger than the deferred amounts in 2024.[25]

The negative impact delayed cost recovery has on Newfoundland Power's creditworthiness must also be considered by the Board. On October 15, 2024, Moody's Investor Services ("Moody's") provided an updated credit opinion for the Company, which included its outlook change from stable to negative due to the delays in cost recovery as a result of Order Nos. P.U. 16 (2024) and P.U. 20 (2024).[26] The referenced credit opinion is provided in Appendix B to this report.[27]

In approaching customer rate smoothing, and the resulting large and continuing unrecovered RSA balances in 2025 and 2026, Newfoundland Power considered its creditworthiness and the following mitigating factors:

- *The customer rate smoothing approach provides for a reasonable balance of customer rates and cost recovery in extraordinary circumstances.*

  In June 2024, customer rate increases in 2024 and 2025 were both projected to be greater than 10%, resulting in extraordinary measures taken by the Board in Order No. P.U. 16 (2024).[28] While limiting the customer rates increase, the Board also acknowledged the importance of the timely recovery of costs.[29] The Board approved cost recovery up to the point of no customer class receiving greater than a 10% customer rate increase, or 7.0% overall.[30] In Newfoundland Power's view, the Board's actions reflected a reasonable interpretation of the regulatory principles of Rate Stability and Predictability, and Cost of Service.

  The Company's customer rate smoothing approach for 2025 to 2027 follows the same approach taken by the Board in Order No. P.U. 16 (2024). This provides for recovery of RSA balances while limiting customer rate increases to the level approved by the Board in Order Nos. P.U. 17 (2023) and P.U. 16 (2024). In Newfoundland Power's view, this approach allows for the Board's approval of the Application as filed. As stated by Moody's, continued unsupportive regulatory outcomes including insufficient rate increases, ongoing delays in recovering costs or an inability to earn allowed returns could lead to a downgrade of Newfoundland Power's credit rating.[31]

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24 Of the total March 31, 2025 RSA balance of $70,374,636, $70,000,000 would be deferred.

25 Deferred cost recovery in 2024 totaled $22.4 million, which included the $18.8 million pursuant to Order No. P.U. 16 (2024) and $3.6 million pursuant to Order No. P.U. 20 (2024). Both the $9.0 million revenue shortfall and the $5.4 million 2023 excess earnings were transferred to the RSA on December 31, 2024 pursuant to Order No. P.U. 20 (2024), providing for a net impact of $3.6 million. [$70.0 million / $22.4 million = 3.1].

26 Moody's issued a press release on October 8, 2024 confirming the Company's existing credit ratings, however, its outlook on Newfoundland Power changed from stable to negative.

27 For a discussion on delays in cost recovery being a credit negative for Moody's, see Appendix B, page 3.

28 To Newfoundland Power's knowledge, 2024 marked the first time that the Board limited recovery of the Company's RSA balance associated with the annual July 1st rate change.

29 See Order No. P.U. 16 (2024), page 4, lines 1-4.

30 *Ibid*., page 5, lines 9-18.

31 See Appendix B, page 2.

- *Approval of base rate recovery and reduced purchased power cost volatility.*

  Order No. P.U. 24 (2024) and the General Rate Order have provided base rate cost recovery for the years 2024, 2025 and 2026, which provides Newfoundland Power an opportunity to earn a just and reasonable return in accordance with the *Public Utilities Act*.

  In addition, Order No. P.U. 2 (2025) approved the rebasing of the Company's purchased power costs and the implementation of a new Utility Rate. This provides for reduced and more predictable RSA activity over the 2025 to 2027 timeframe, absent the unrecovered RSA balances.

  These orders of the Board create a sound financial basis for Newfoundland Power over the 2024 to 2026 timeframe, which enables the Company to consider customer rate smoothing over the 2025 to 2027 time period.[32]

- *Known recovery period for RSA balances.*

  While the orders discussed above provide cost recovery for 2024 to 2026, the timeline of that cost recovery must also be considered. For example, in its credit opinion, Moody's stated that a credit challenge for Newfoundland Power is the uncertain timeline for cost recovery of its prudently incurred costs.[33]

  The Company's customer rate smoothing approach provides certainty in the timeline for cost recovery. It results in unrecovered RSA balances concluding in 2027, allowing for previously deferred RSA balances to be fully collected from customers by June 30, 2028.

Newfoundland Power also observes that the Board may consider directing Hydro to transfer credit balances associated with its Hydraulic Resources Optimization and Rural Rate Alteration deferral accounts to the Company's RSA.[34] If the credits are transferred, it would result in customers paying less for purchased power costs through customer rates over the 2025 to 2027 timeframe and directly mitigate against the large, and continuing, unrecovered RSA balances.[35]

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32 There is greater certainty associated with 2025 and 2026 when compared to 2027. As stated by the Board on page 4, lines 40-42 of Order No. P.U. 16 (2024), *"There is particular uncertainty with respect to 2027 as a result of Hydro's anticipated general rate application, the potential for supply cost changes and the end of Newfoundland Power's 2025-2026 test year period."*

33 See Appendix B, page 2.

34 For further information, see Newfoundland Power's letter *Re. NLH Application for Approval of the Disposition of Balances within the Hydraulic Resources Optimization Deferral Account – NP Comments*, dated March 27, 2025.

35 For example, if there was a total credit transfer of $27.9 million to the RSA, it would reduce the unrecovered 2025 RSA balance from $70.0 million to $42.1 million. The 2026PF unrecovered RSA balance of $29.0 million would be reduced to almost zero.

End Result

Table 4 provides a customer rate forecast over the 2025 to 2027 timeframe, after consideration of Newfoundland Power's approach to customer rate smoothing for July 1, 2025.

Table 4:
Customer Rate Forecast
(After Customer Rate Smoothing for July 1, 2025)
(%)

	2025	2026PF	2027PF
2025/2026 GRA Compliance	8.5	-	-
Hydro's Wholesale Rate Adjustments	2.3	2.3	2.3
RSA/MTA	(3.8)	4.7	0.8
Total	**7.0**	**7.0**	**3.1**

In Newfoundland Power's view, the customer rate smoothing approach appropriately balances the regulatory principles of Rate Stability and Predictability, and Cost of Service. The approach is consistent with the Board's approach in Order No. P.U. 16 (2024) and there are factors that mitigate against further degradation of the Company's creditworthiness associated with unrecovered RSA balances over the 2025 to 2027 timeframe.[36] Overall, the customer rate smoothing approach provides a reasonable end result for customers.

3.4 Proposed Rate Stabilization Adjustment, after Customer Rate Smoothing

Table 5 provides an analysis of the changes from the existing Rate Stabilization Adjustment, effective August 1, 2024 to the proposed Rate Stabilization Adjustment for July 1, 2025, after consideration of an adjustment related to customer rate smoothing for July 1, 2025.

Table 5:
Proposed Rate Stabilization Adjustment
(After Customer Rate Smoothing for July 1, 2025)
(¢/kWh)

	Existing	Change	Proposed
Hydro's Wholesale Rate Adjustments	1.578	0.326	1.904
March 31st RSA Balance	0.554	(0.548)	0.006
Total	**2.132**	**(0.222)**	**1.910**

The change in Hydro's Wholesale Rate Adjustments is consistent with that outlined in section 3.2 of this report.

[36] Newfoundland Power anticipates that the customer rate smoothing approach will result in Moody's rating outlook remaining negative in its next credit rating report. A higher risk of downgrade will continue to exist until Moody's rating outlook returns to stable.

After customer rate smoothing, the change in the Company's RSA balance as of March 31, 2024 to March 31, 2025 results in a 0.548 ¢/kWh decrease in the proposed Rate Stabilization Adjustment.[37] The decrease reflects the deferral of essentially the full RSA balance as of March 31, 2025 as outlined in section 3.3 of this report.

The Application proposes a Rate Stabilization Adjustment of 1.910 ¢/kWh to be effective July 1, 2025.

Appendix C to this report sets out the calculation of the proposed Rate Stabilization Adjustment.

The Application also proposes that the Board approve an unrecovered RSA balance of $70.0 million as of March 31, 2025 to be maintained in the RSA for full recovery by June 30, 2028.

4.0 Proposed Customer Rates

Appendix D to this report shows the conversion of base rates to Customer Rates, proposed to be effective July 1, 2025.[38] The proposed Customer Rates reflect the determinations of the Board in Order Nos. P.U. 16 (2024), P.U. 20 (2024), P.U. 2 (2025) and the General Rate Order, as well as include the proposed Rate Stabilization Adjustment of 1.910 ¢/kWh and the proposed MTA factor of 1.02458.

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

Appendix F to this report presents the proposed Customer Rates to be applied to electricity consumption on and after July 1, 2025.

In addition, the Net Metering Service Option in Appendix F to this report includes a minor revision to clarify that a net metering customer may update their annual review billing month

37 The increase in the RSA balance translates to a calculated Rate Stabilization Adjustment impact of (0.548) ¢/kWh as follows:

		March 31, 2025	March 31, 2024
Balance in RSA ($)	**A**	70,374,636	51,726,434
RSA balance withheld ($)	**B**	(70,000,000)	(18,800,000)
Net RSA balance recovered ($)	**C**	**374,636**	**32,926,434**
Energy sales (kWh)	**D**	5,830,239,000	5,946,357,000
Rate Stabilization Adjustment impact (¢/kWh)	**E = C / D**	0.006	0.554
Difference (¢/kWh)		**0.006 – 0.554 = (0.548)**	

38 The base rates (column B) shown in Appendix D are the same as the base rates shown in *Schedule 1, 2025/2026 GRA Compliance Report, Appendix F.*

from that determined during the process of implementing their net metering service upon a revision to the Utility Rate.[39]

5.0 Customer Rate Impact

The impact on Customer Rates as a result of the General Rate Order, including the associated Board orders referenced in section 4.0, and the proposed changes to the Rate Stabilization Adjustment and the MTA factor for 2025 is an average overall increase of 7.0%.

Table 6 shows a reconciliation of existing customer billings to proposed customer billings for the 2026 test year.

Table 6:
Reconciliation of Customer Billings
($000s)

	2026 Existing Customer Billings	Base Rate Change	RSA/MTA Adjustment	2026 Proposed Customer Billings
Revenue from Rates	733,530	73,143	-	806,673
RSA	127,423	-	(13,265)	114,158
MTA	20,659	1,752	110	22,521
Customer Billings	881,612	74,895	(13,155)	943,352
Change				61,740
Change (%)		8.5%	(1.5%)	7.0%

While the average increase in Customer Rates is 7.0%, individual customer impacts will vary depending on usage.

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

6.0 Proposed Rules and Regulations

Appendix H to this report provides the proposed rules and regulations governing service to be effective July 1, 2025.

[39] The added sentence is included in paragraph five on page 10 of Appendix F. As outlined on page 2 of Newfoundland Power's *2024 Net Metering Service Option Annual Report* filed with the Board on April 1, 2025, this revision will ensure a Net Metering Service Option customer is not disadvantaged by having an Annual Review Billing Month during months when energy is less valuable.

The proposed rules and regulations include the addition of paragraph II.9 to the Rate Stabilization Clause associated with the recovery of the Electrification Cost Deferral Account as approved by the Board in the General Rate Order.[40]

The proposed rules and regulations also include minor revisions to paragraph II.5 to the Rate Stabilization Clause associated with the Energy Supply Cost Variance account to accommodate the revised Utility Rate approved by the Board in Order No. P.U. 1 (2025), which now has two second block energy rates during a calendar year.[41]

[40] General Rate Order, page 75, lines 21-23.

[41] The revisions provide for the calculation of the Energy Supply Cost Variance on a monthly basis as opposed to an annual basis. The revisions will continue to result in the transfer of the annual Energy Supply Cost Variance balance to the Company's RSA on December 31st of each year, consistent with current practice.

Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2025 to June 30, 2026

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2025 to June 30, 2026 is calculated as follows:

X	=	Amount of all municipal taxes paid in 2024	=	$19,651,546
Y	=	Amount of Revenue earned in 2024 to which MTA factor shall apply, calculated as follows:		
		Normalized Revenue from rates for 2024	=	$730,592,000
		Add: RSA Billings for 2024	=	$85,698,800
		Add: 2024 Weather Normalization Revenue Adj.	=	($13,690,000)
		Less: Forfeited Discounts	=	$3,229,000
Y	=			$799,371,800

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

$$= \frac{\$19{,}651{,}546}{\$799{,}371{,}800} + 1.00000$$

Municipal Tax Adjustment Factor = 1.02458

Moody's Credit Opinion
October 15, 2024

MOODY'S RATINGS

CREDIT OPINION
15 October 2024

Update

Send Your Feedback

RATINGS

Newfoundland Power Inc.

Domicile	St. John's, Newfoundland, Canada
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Newfoundland Power Inc.

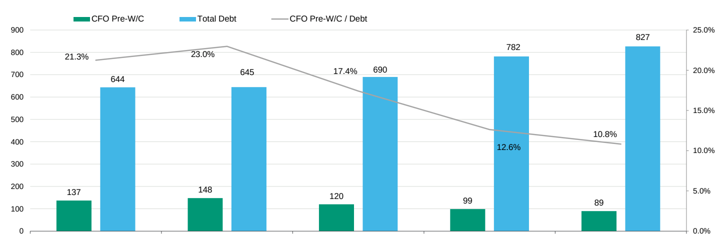
Update following outlook change to negative

Summary

Newfoundland Power Inc.'s (NPI) credit profile reflects the company's low business risk as a primarily electric transmission and distribution cost-of-service regulated utility with no unregulated businesses. We have historically viewed the PUB as one of the more supportive regulators in Canada because decisions have been timely and balanced, deferral accounts generally reduce risks from factors beyond management's control and NPI's 45% equity capital is among the highest authorized levels in Canada. We expect regulatory decisions will continue to provide the company with an opportunity to recover its costs, however the pace and magnitude of customer rate increases is leading to regulatory concerns. As a result, NPI has been negatively impacted by the challenges associated with timely cost recovery of prudently incurred costs, in particular power supply costs, leading to unsupportive regulatory outcomes. There are more rate pressures on the horizon which could weigh on both the company's regulatory and financial profiles, a key rationale for the negative outlook.

The credit profile has also been adversely affected by weak financial metrics including a CFO pre-W/C to debt ratio falling to 12.6% at 31 December 2023 and declining further to 10.8% at 30 June 2024, primarily caused by the under-recovery of power supply costs. We forecast that CFO pre-W/C to debt will recover from these low levels to the 14-16% range inclusive of power supply cost recoveries. NPI's senior secured first mortgage bonds (FMB) rating reflects the first mortgage security over NPI's property, plant and equipment and a floating charge on all other assets.

Exhibit 1
Historical CFO Pre-W/C, Total Debt and CFO Pre-W/C to Debt



All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Credit strengths

» Low risk regulated, primarily transmission and distribution utility

» Historically credit supportive regulatory environment

» Track record of earning allowed returns

Credit challenges

» Customer rate pressures driving material delays in rate increases

» Timeline for cost recovery of prudently incurred costs is uncertain

» Weak cash flow coverage metrics

Rating outlook

The negative outlook reflects delays in cost recovery that have adversely affected the company's financial performance and credit profile and are likely to persist for the next several years given regulatory concerns about the pace of rate increases.

Factors that could lead to upgrade

» An upgrade is unlikely given the negative outlook

» The outlook could return to stable if the company sees a material improvement in regulatory support such that it recovers its costs in a more timely manner and we forecast CFO pre-W/C to debt adjusted for power supply cost recoveries to be sustained above 14%.

Factors that could lead to downgrade

» Continued unsupportive regulatory outcomes including insufficient rate increases, ongoing delays in recovering costs or an inability to earn allowed returns.

» CFO pre-W/C to debt adjusted for power supply cost recoveries remaining below 14%.

Key indicators

Exhibit 2
Newfoundland Power Inc.

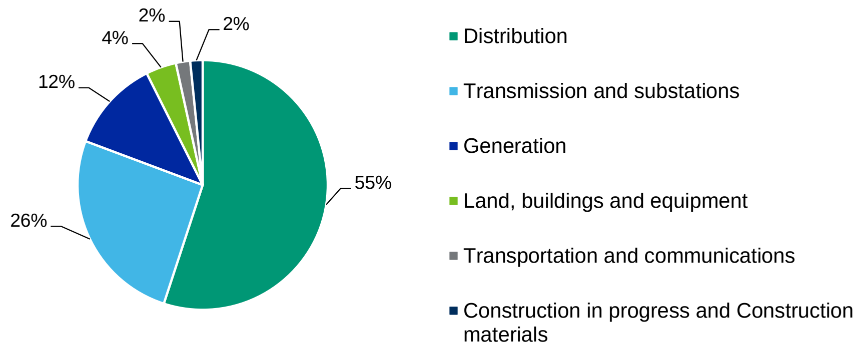
	2019	2020	2021	2022	2023	LTM Jun-24
CFO Pre-W/C + Interest / Interest	4.0x	4.7x	5.2x	4.4x	3.6x	3.2x
CFO Pre-W/C / Debt	17.4%	21.3%	23.0%	17.4%	12.6%	10.8%
CFO Pre-W/C – Dividends / Debt	13.0%	14.0%	17.8%	13.2%	11.7%	10.8%
Debt / Capitalization	48.1%	48.2%	47.6%	48.5%	49.6%	50.3%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Profile

Headquartered in St. John's, Newfoundland and Labrador, NPI is primarily an electric transmission distribution utility serving a customer base of approximately 275,000. NPI operates under cost-of-service regulation and is regulated by the PUB under the Public Utilities Act (the Act). NPI purchases the majority of its power from NL Hydro, which is indirectly held, but wholly owned by the Province of Newfoundland and Labrador. NPI's generating capacity is 145 MW, including 98 MW of hydro. NPI is a wholly-owned subsidiary of Fortis Inc. (FTS: Baa3 stable), which is primarily a diversified electric and gas utility holding company also based in St. John's.

Exhibit 3
Net Property, Plant and Equipment by segment
As of 31 December 2023



Source: Company filings

Detailed credit considerations

Delays in cost recovery are credit negative

Recent PUB decisions have led to delays in NPI recovering its costs which weighs on the company's regulatory and financial profiles. The PUB points to rate shock issues as customer rate increases approach or exceed 10%.

On 12 June, the company filed an application with the PUB to recover the balance in its Rate Stabilization Account (RSA). The company requested a 9.3% rate increase largely attributable to power supply costs, which are a pass through to customers, to be effective 1 July 2024. Instead, the company received a 7% rate increase effective 1 August 2024 with the remainder left to be recovered in a future RSA application. We had assumed that the company would recover the balance in the RSA over the following 12 months. In its decision, published in late July, the PUB did accept that the costs were prudently incurred and that they should be recovered without any disallowance. Nevertheless, the PUB also indicated in its decision that it was trying to balance concerns around customer rate impacts and NPI's entitlement to timely recovery, highlighting the elevated social risks that the company faces.

Similarly, in a separate return on rate base application, the company sought a 1.5% rate increase effective 1 July 2024 largely driven by higher debt financing costs. Instead of approving the full rate increase, the PUB directed NPI to use the CAD5.1 million 2023 excess earnings account to reduce pressure on rates, made an adjustment to the requested rate increase and transferred the remaining amount to the RSA for recovery in a future period.

There remains pressure for material rate increases in the near term, which could lead to further delays in cost recovery. The company has estimated that growth in the RSA in 2024, including the under-recoveries from the most recent decisions, could drive a rate increase of approximately 5% effective 1 July 2025. In a separate proceeding, the company has also filed a general rate application (GRA) for new rates effective on 1 July 2025 that would lead to an additional 5.5% rate increase.

The RSA has been growing largely because the marginal cost of power that NPI obtains from NL Hydro exceeds the average supply costs embedded in customer rates. NL Hydro and NPI have filed applications to reset the wholesale rates charged to NPI and the rebasing of power supply costs could lead to a 4.3% increase in rates effective 1 July 2025. This would result in less volatility in the RSA in the future.

Low-risk business model

NPI's credit profile reflects the company's low business risk as a cost of service regulated utility. NPI owns and operates a transmission and distribution system located on the island portion of the province of Newfoundland and Labrador and dominates that market, which is geographically isolated and effectively protected from potential competition. NPI serves roughly 87% of the province's electricity customers. Growth in rate base over time has not historically taxed NPI either operationally or financially due to relatively timely recovery of capital and operating costs.

NPI owns some generation assets that are regulated and represent only 12% of NPI's net property, plant and equipment at year-end 2023. The majority of generation assets are low risk, small scale hydro electric generation. Accordingly, we consider the business risk of NPI to be similar to that of a transmission and distribution utility rather than that of a typical vertically integrated utility, which are often directly exposed to commodity price risk and the operational, financial and environmental risks associated with electricity generation.

Historically supportive regulatory environment

NPI has benefited from a well-developed regulatory framework that we have considered credit supportive with the notable exception of recent decisions materially delaying cost recovery. The regulatory outcomes follow a track record of reasonably timely and balanced decisions that has led to a lengthy history of NPI earning its allowed ROE. The company has not been subject to political interference despite increasing rate pressure related primarily to power supply costs. We expect NPI to continue to recover its costs albeit with some delays in an increasing rate environment. NPI has access to the courts to address disputes with the PUB although the company has not pursued legal remedies for at least 20 years.

The PUB's annual review and approval of NPI's capital spending plans and long-term debt issuances significantly reduce the risk of cost disallowances. NPI submits a proposed capital plan for PUB approval annually before the next fiscal year with the most recent plan approved on 18 January 2024 allowing capex of CAD114 million in 2024. NPI is required to obtain PUB pre-approval for the issuance of any FMB's or the incurrence of credit facilities with maturities exceeding one year, which we see as reducing the risk of cost disallowances related to these activities. In September 2024, the PUB approved an increase in the size of the company's committed credit facility to CAD130 million from CAD100 million.

Several other cost recovery mechanisms reduce NPI's exposure to unexpected costs due to variations in purchased power costs, weather, pension and other post-employment benefit (OPEB) costs and are recovered in the RSA. While NPI foregoes some upside (and downside) potential, the stability and predictability of its cash flows are typically enhanced by these mechanisms.

For example, the RSA facilitates recovery of purchased power costs in excess of those forecasted for ratemaking purposes. We had expected the RSA to provide for the amortization of the under or over collection over a 12 month period, although the period of ultimate recovery is now longer and not yet defined. The power supply costs that the company began recovering on 1 August 2024 were incurred in 2023. The RSA also captures fluctuations in NL Hydro's rate stabilization plan which is a pass through for NPI. Other mechanisms included in the RSA include a Demand Management Incentive Account (which limits NPI's exposure to variations in purchased power costs to 1% of demand costs reflected in the test year for ratemaking purposes).

NPI is allowed to file a rate application based on a forward test year and forecast rate base. We view these mechanisms positively because they reduce revenue lag associated with the capital program. In November 2023, NPI filed a general rate case for 2025/26 seeking a roughly 5.5% rate increase effective 1 July 2025. Key areas of focus, that are consistent with the sector, include productivity improvements, cost increases driven by inflation and the allowed ROE given the inflation and interest rate environments. In its last rate case, the company reached a settlement on 22 November 2021 for the period 2022-2023 that was approved by the PUB in the first quarter of 2022. NPI's allowed ROE of 8.5% for the period 2022-2024 was unchanged. While the ROE remains relatively low, it is mitigated by one of the highest deemed equity levels in Canada at 45%.

Exhibit 4
Historical Approved ROE, Approved Equity thickness and Rate Base
Newfoundland Power Inc.

	2017	2018	2019	2020	2021	2022	2023
Approved Return on Equity (ROE)	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Approved Equity thickness	45%	45%	45%	45%	45%	45%	45%
Midyear Rate base, CAD billion	1.1	1.1	1.2	1.2	1.2	1.2	1.3

Source: Company filings

Power supply cost pressures are stabilizing, but with more rate increases to come

In May 2024, the Province of Newfoundland and Labrador (A1 stable) announced a rate mitigation plan that came into effect on 1 July 2024. The plan limits domestic customer rate increases associated with Muskrat Falls and NL Hydro's operations to 2.25% through annual rate increases on 1 July of each year through 1 July 2030. It requires NL Hydro to spend more than $2 billion on rate mitigation over that period.

However, the rate mitigation plan does not include additional costs that may stem from NL Hydro's own general rate application which may add to rate pressure with a decision likely in 2027. By legislation, we understand that rate pressure may build until NL Hydro is able to increase its rates again beyond 2.25% in 2031. The announcement of the Province's rate mitigation plan is credit positive for NPI as it reduces uncertainty around the size of rate increases through the end of the decade and limits rate increases associated with this portion of customer's bills to levels broadly in line with inflation.

One of the rate mitigation actions taken in 2023 included the provincial government providing CAD190.4 million of rate mitigation to NL Hydro to offset energy supply cost increases. The total cost of Muskrat Falls and associated transmission in Newfoundland and Labrador increased to about CAD13.5 billion, up from an initial cost estimate of CAD7.4 billion. The size of the project and associated rate pressures are exacerbated by the relatively small size of NPI and the Newfoundland and Labrador economy. The 824 MW hydro electric project was completed in November 2021, although the Labrador Island Link (LIL) a key transmission project, was only fully commissioned in April 2023.

Recovery of weakened financial profile dependent on future rate increases

NPI's CFO pre-W/C to debt ratio has declined to 10.8% over the last twelve months ending 30 June 2024, well below our expectations. We forecast that CFO pre-W/C to debt ratios will recover from recent low levels to the 14-16% range inclusive of power cost recoveries, assuming supportive regulatory outcomes. The range of financial metrics is largely dependent on the timing and size of future rate increases. Further delays in cost recovery will lead to weaker financial metrics, while more timely cost recovery will lead to stronger financial metrics. Ultimately, we expect the company to continue to recover its prudently incurred costs, although the timing of this recovery is less certain. The 7% rate increase that was effective 1 August 2024 will support power supply cost recoveries, that are included in working capital on the cash flow statement and we will add this figure to our CFO pre-W/C to debt calculations.

Changes in regulatory assets and liabilities add volatility to CFO pre-W/C, although we expect all of these costs to be eventually recovered from rate payers. Regulatory assets have grown rapidly as power sales exceeded forecasts. Exacerbating the situation, as mentioned above, the marginal cost of power purchased from NL Hydro was greater than the average price of power charged to customers. This reversed the growth in regulatory liabilities in 2020 and 2021 that was in part due to marginally lower demand than forecast. The same marginal power pricing dynamics led to over-recoveries from customers and growth in the company's regulatory liabilities.

We expect other elements of the company's cash flow to remain more predictable, a key credit strength. Driving this stability, the company's net income is largely a function of its allowed return on equity, its deemed capital structure (equity thickness) and rate base. The other large component of its predictable cash flow is depreciation and amortization.

The company forecasts annual capital investments of about CAD140 million over the period 2024 to 2028. We expect the company to continue to file regular cost of service rate applications to ensure timely recovery of costs. The steady growth in the company's rate base drives growth in cash flow and a proportionate growth in debt. Primarily as a result of changes in working capital and long term regulatory assets and liabilities outlined above, the company had a CAD94 million free cash flow shortfall in 2023. In an effort to reduce pressure on the balance sheet, the company has not paid a dividend since Q1 of 2023, which highlights a credit benefit of being part of a much larger corporate entity, which is not reliant on quarterly distributions from its smaller subsidiaries.

Exhibit 5
Historical Moody's–adjusted CFO Pre-W/C reconciliation
Newfoundland Power Inc.

(in CAD millions)	2019	2020	2021	2022	2023	LTM Q2 2024
Net Income	**42.3**	**43.6**	**43.8**	**45.7**	**46.0**	**42.8**
Depreciation	64.6	67.3	69.7	73.7	76.9	78.8
Amortization of Investments	3.6	4.1	4.5	4.7	5.7	6.2
Deferred income taxes and itc	5.2	(5.1)	0.9	(3.1)	14.7	0.7
Other	(2.3)	2.9	3.5	(3.8)	(7.3)	(8.0)
Funds from Operations	**113.5**	**112.8**	**122.4**	**117.2**	**136.0**	**120.6**
Changes in Other Oper. Assets & Liabilities - LT	(2.8)	24.0	25.7	2.9	(37.3)	(31.1)
CFO Pre-W/C	**110.7**	**136.8**	**148.1**	**120.1**	**98.7**	**89.5**

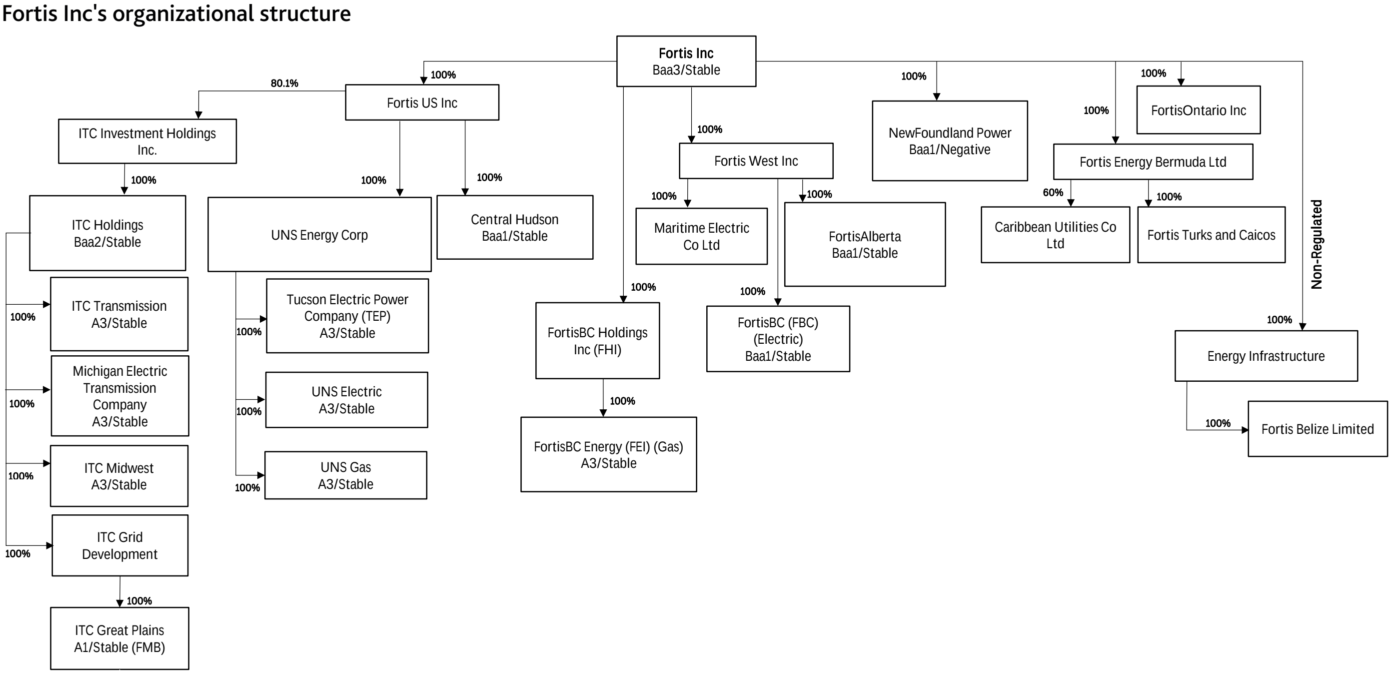
All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

NPI is independent of parent Fortis Inc.

We consider NPI to be operationally and financially independent of ultimate parent FTS. FTS has consistently demonstrated good management and support of its subsidiaries and we view NPI's access to the executive and strategic support of FTS to be a credit positive. However, FTS has very high leverage and material holding company debt that adds financial risk across the entire FTS corporate family. FTS is dependent upon its many subsidiaries, including NPI, to make distributions to service its obligations. Despite this leverage, we view FTS ownership as generally credit positive for NPI since it benefits from access to a large and diversified parent that may facilitate streamlining operations and costs and provides strong access to capital markets.

NPI may periodically rely on its parent for equity injections to maintain its capital structure in line with the regulator's established parameters, or reduce or eliminate dividends as NPI did in the last 3 quarters of 2023 and the first half of 2024. We expect that FTS would provide extraordinary support to NPI, if required, provided that the parent had the economic incentive to do so. We believe that the parent will continue to have sufficient resources to provide support, if required. As of 31 December 2023, FTS had about CAD1.5 billion of unused committed revolving credit facility at the FTS corporate level. Our view of parent FTS does not constrain the credit profile of NPI.

Exhibit 6
Fortis Inc's organizational structure

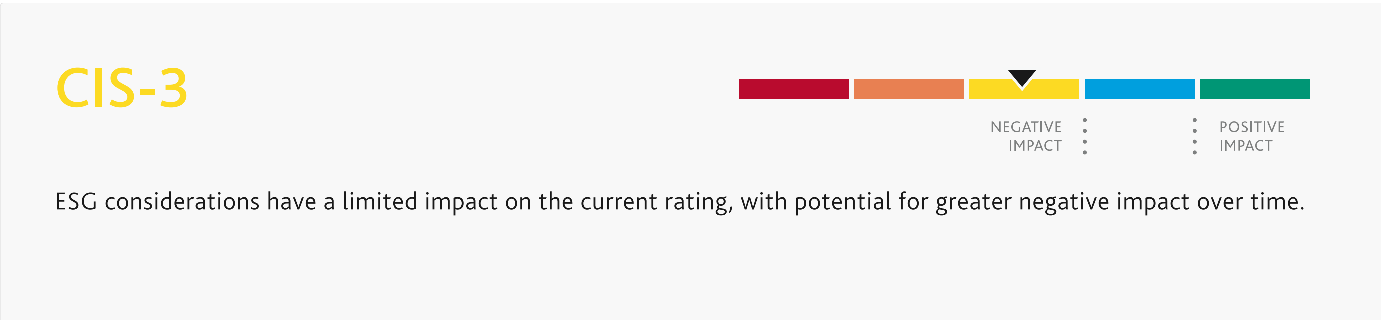


Source: Moody's Financial Metrics™ and Company filings

ESG considerations

Newfoundland Power Inc.'s ESG credit impact score is CIS-3

Exhibit 7
ESG credit impact score



Source: Moody's Ratings

NPI's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time, resulting from exposure to social risks stemming from the potential rapid increase in power costs and environmental risks related to physical climate risks.

Exhibit 8
ESG issuer profile scores

Source: Moody's Ratings

Environmental

NPI's **E-3** score is driven primarily by its exposure to physical climate risks, mostly in the form of extreme weather events including storms which is a challenge for the sector. NPI has low exposure to carbon transition risks since 93% of its power is purchased from NL Hydro which generates almost all of its power from hydro electric sources and just 12% of NPI's PP&E is comprised of generation assets, the majority of which are small hydro.

Social

NPI's **S-4** score is driven by its exposure to demographic and social trends stemming from rate pressures that have led to delays in recovering its costs from customers as the PUB tries to balance concerns around customer rate impacts and NPI's timely recovery of costs.

Governance

NPI's **G-2** score is driven by that of its parent FTS. NPI's governance risk is broadly in line with other utilities and does not pose a particular risk. This is supported by a key financial policy to maintain the capital structure established by the regulator with reductions in dividends paid to the parent in an effort to maintain the target capital structure. NPI's management credibility and track record also support the low risk governance outcome.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

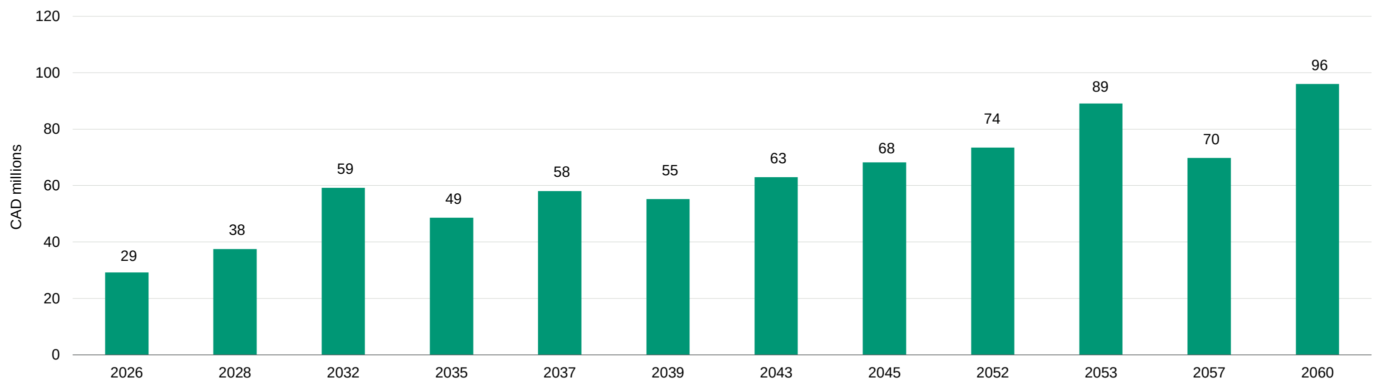
We consider NPI's liquidity arrangements to be adequate.

The company's primary sources of funds includes cash flow from operations of CAD110-140 million over the next 12 months and a CAD130 million committed revolving credit facility that matures in August 2029. While the credit agreement contains a covenant that NPI maintain its debt to capitalization ratio at or below 65%, it does not include a material adverse change (MAC) clause or representation and warranty declaration prior to drawdown. There was $53 million available under the committed facility at 30 June 2024.

NPI plans to spend around CAD130 million on capital expenditures over the next 12 months and pay dividends (if any) in amounts commensurate with maintaining the 45% deemed equity layer. The company does not have a significant debt maturity until 2026.

Exhibit 9

Newfoundland Power Inc's long-term debt maturity profile as of 31 December 2023



NPI's debt consists of first mortgage sinking fund bonds.
Periods are fiscal year-end unless indicated.
Source: Company filings

Structural considerations

NPI's senior secured FMB rating reflects the first mortgage security over NPI's property, plant and equipment and a floating charge on all other assets. The A2 rating for these bonds is consistent with the two notch differential between senior secured debt ratings and senior unsecured debt ratings of investment-grade regulated utilities operating in North America.

Rating methodology and scorecard factors

We use our global Regulated Electric and Gas Utilities rating methodology as the primary methodology for analyzing NPI. The scoring for Subfactor 2a, Timeliness of Recovery of Operating and Capital has been lowered to Baa from A to reflect recent regulatory decisions delaying cost recovery.

Exhibit 10
Methodology scorecard factors
Newfoundland Power Inc.

Regulated Electric and Gas Utilities Industry [1][2]	Current LTM 6/30/2024		Moody's 12-18 Month Forward View As of LTM	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Ba	Ba	Ba	Ba
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	3.9x	Baa	3x - 4x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	14.2%	Baa	14% - 16%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	11.7%	Baa	12% - 14%	Baa
d) Debt / Capitalization (3 Year Avg)	49.9%	A	46% - 50%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 11
Peer comparison
Newfoundland Power Inc.

	Newfoundland Power Inc. Baa1 (Negative)			Hydro One Inc. A3 (Stable)			FortisAlberta Inc. Baa1 (Stable)		
(In CAD millions)	FYE Dec-22	FYE Dec-23	LTM Jun-24	FYE Dec-22	FYE Dec-23	LTM Jun-24	FYE Dec-22	FYE Dec-23	LTM Jun-24
Revenue	736	774	777	7,740	7,799	8,066	750	814	860
CFO Pre-W/C	120	99	89	2,185	2,160	2,227	386	419	434
Total Debt	690	782	827	14,766	15,329	16,014	2,567	2,765	2,968
CFO Pre-W/C + Interest / Interest	4.4x	3.6x	3.2x	4.9x	4.4x	4.3x	4.5x	4.3x	4.3x
CFO Pre-W/C / Debt	17.4%	12.6%	10.8%	14.8%	14.1%	13.9%	15.0%	15.2%	14.6%
CFO Pre-W/C – Dividends / Debt	13.2%	11.7%	10.8%	10.3%	9.5%	9.4%	11.1%	11.4%	10.9%
Debt / Capitalization	48.5%	49.6%	50.3%	54.5%	54.0%	54.3%	55.1%	55.8%	57.1%

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Exhibit 12
Moody's-adjusted cash flow metrics
Newfoundland Power Inc.

CF Metrics	Dec-20	Dec-21	Dec-22	Dec-23	LTM Jun-24
As Adjusted					
FFO	**113**	**122**	**117**	**136**	**121**
+/- Other	24	26	3	-37	-31
CFO Pre-WC	**137**	**148**	**120**	**99**	**89**
+/- ΔWC	9	-7	-12	-35	-8
CFO	**146**	**141**	**108**	**64**	**81**
- Div	46	33	29	7	0
- Capex	102	119	127	150	150
FCF	**-2**	**-12**	**-48**	**-94**	**-68**
(CFO Pre-W/C) / Debt	21.3%	23.0%	17.4%	12.6%	10.8%
(CFO Pre-W/C - Dividends) / Debt	14.0%	17.8%	13.2%	11.7%	10.8%
FFO / Debt	17.5%	19.0%	17.0%	17.4%	14.6%
RCF / Debt	10.3%	13.8%	12.8%	16.5%	14.6%
Revenue	719	713	736	774	777
Interest Expense	37	35	36	38	41
Net Income	44	43	40	41	38
Total Assets	1,720	1,764	1,814	1,950	1,988
Total Liabilities	1,204	1,238	1,270	1,368	1,385
Total Equity	516	526	544	583	603

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Periods are fiscal year-end unless indicated.
Source: Moody's Financial Metrics™

Ratings

Exhibit 13

Category	Moody's Rating
NEWFOUNDLAND POWER INC.	
Outlook	Negative
Issuer Rating -Dom Curr	Baa1
First Mortgage Bonds -Dom Curr	A2
PARENT: FORTIS INC.	
Outlook	Stable
Issuer Rating -Dom Curr	Baa3
Senior Unsecured	Baa3

Source: Moody's Ratings

REPORT NUMBER 1425012

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Calculation of the Rate Stabilization Adjustment
for July 1, 2025

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment for the period July 1, 2025 to June 30, 2026 is calculated as follows:

(i) by removing the previous Rate Stabilization Adjustment of 2.132 cents/kWh; and

(ii) by calculating the new adjustment as follows:

Rate Stabilization Adjustment:

RSP							
B1 =	Amount billed by Hydro:	4.13	mills/kWh ×	5,683,499,284	=	$	23,472,852
CDM							
B2 =	Amount billed by Hydro:	0.19	mills/kWh ×	5,701,619,749	=	$	1,083,308
Muskrat Falls Project Cost Recovery Rider							
B3 =	Amount billed by Hydro:	15.16	mills/kWh ×	5,701,619,749	=	$	86,436,555
C1 =	Balance in the Applicant's RSA at March 31, 2025				=	$	70,374,636
C2 =	Adjustment to the Applicant's RSA to reflect the portion of the RSA balance at March 31, 2025 remaining to be recovered.				=	$	(70,000,000)
D =	Total Energy Sales by the Applicant from April 1, 2024 to March 31, 2025				=		5,830,239,000 kWh

Rate Stabilization Adjustment $= \dfrac{B1 + B2 + B3 + C1 + C2}{D}$

$= \dfrac{\$23,472,852 + \$1,083,308 + \$86,436,555 + \$70,374,636 + (\$70,000,000)}{5,830,239,000 \text{ kWh}}$

= 0.01910 $/kWh or
1.910 cents/kWh

Rate Stabilization Adjustment = 1.910 cents/kWh

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates[1]

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	$16.96	$16.96 x (1 - 0.015) x 1.02458 x [1 / (1 - 0.015)]	$17.38
Exceeding 200 Amp Service	$21.84	Final Not Exceeding 200 Amp Service B.C.C. plus $5	$22.38
Energy Charge - All kilowatt hours (¢/kWh)	12.909	[12.909 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	15.213
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	$16.96	Same as B.C.C.	$17.38
Exceeding 200 Amp Service	$21.84	Same as B.C.C.	$22.38
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	$16.96	Same as Rate 1.1 B.C.C	$17.38
Exceeding 200 Amp Service	$21.84	Same as Rate 1.1 B.C.C	$22.38
Energy Charge (¢/kWh)			
Winter Seasonal	13.862	Same as Rate 1.1 Customer Energy Charge + 0.953	16.166
Non-Winter Seasonal	11.612	Same as Rate 1.1 Customer Energy Charge - 1.297	13.916
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	$16.96	Same as B.C.C	$17.38
Exceeding 200 Amp Service	$21.84	Same as B.C.C	$22.38
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Un-Metered	$13.75	Final B.C.C Single Phase minus $8	$14.09
Single Phase	$21.56	$21.56 x (1 – 0.015) x 1.02458 x [1 / (1 – 0.015)]	$22.09
Three Phase	$33.27	Final B.C.C Single Phase plus $12	$34.09
Demand Charge (per kW)			
Winter	$10.27	Other Demand Charge plus $2.50	$10.52
Other	$7.83	$7.83 x (1 – 0.015) x 1.02458 x [1 / (1 – 0.015)]	$8.02
Energy Charge (¢/kWh)			
First 3,500 kWh	12.759	[12.759 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	15.059
All Excess kWh	9.586	[9.586 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	11.808
Maximum Energy Charge (¢/kWh)	22.158 + B.C.C.	[22.158 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	24.689 + B.C.C.
Minimum Monthly Charge			
Un-Metered	$13.75	Same as B.C.C. Un-Metered	$14.09
Single Phase	$21.56	Same as B.C.C. Single Phase	$22.09
Three Phase	$33.27	Same as B.C.C. Three Phase	$34.09

[1] Customer Rates calculated based upon RSA and MTA Factor effective July 1, 2025.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates[1]

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	$52.42	$52.42 x (1 – 0.015) x 1.02458 x [1 / (1 – 0.015)]	$53.71
Demand Charge (per kVA)			
Winter	$8.59	Other Demand Charge plus $2.50	$8.80
Other	$6.15	$6.15 x (1 – 0.015) x 1.02458 x [1 / (1 – 0.015)]	$6.30
Energy Charge (¢/kWh)			
First 150 kWh/kVA of billing demand (max. 50,000 kWh)	10.855	[10.855 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	13.109
All Excess kWh	8.755	[8.755 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	10.957
Maximum Energy Charge (¢/kWh)	22.158 + B.C.C.	[22.158 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	24.689 + B.C.C.
Minimum Monthly Charge	$52.42	Same as B.C.C.	$53.71
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	$91.35	$91.35 x (1 – 0.015) x 1.02458 x [1 / (1 – 0.015)]	$93.60
Demand Charge (per kVA)			
Winter	$8.21	Other Demand Charge plus $2.50	$8.41
Other	$5.77	$5.77 x (1 – 0.015) x 1.02458 x [1 / (1 – 0.015)]	$5.91
Energy Charge (¢/kWh)			
First 75,000 kWh	10.468	[10.468 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	12.712
All Excess kWh	8.669	[8.669 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	10.869
Maximum Energy Charge (¢/kWh)	22.158 + B.C.C.	[22.158 x (1 – 0.015) + 1.910] x 1.02458 x [1 / (1 – 0.015)]	24.689 + B.C.C.
Minimum Monthly Charge	$91.35	Same as B.C.C.	$93.60

[1] Customer Rates calculated based upon RSA and MTA Factor effective July 1, 2025.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates[1]

Rate Class	Base Rate	Monthly kWh	Calculation	Customer Rate
A	B	C	D	E
Rate #4.1: Street and Area Lighting Service[2]				
High Pressure Sodium				
HPS 100 W Sentinel/Standard	$19.27	38	[19.27 + (38 x 1.910 ¢/kWh)] x 1.02458	$20.49
HPS 100 W Post Top	$20.54	38	[20.54 + (38 x 1.910 ¢/kWh)] x 1.02458	$21.79
HPS 150 W Sentinel/Standard	$24.02	60	[24.02 + (60 x 1.910 ¢/kWh)] x 1.02458	$25.78
HPS 250 W Sentinel/Standard	$34.18	105	[34.18 + (105 x 1.910 ¢/kWh)] x 1.02458	$37.07
HPS 400 W Sentinel/Standard	$47.95	163	[47.95 + (163 x 1.910 ¢/kWh)] x 1.02458	$52.32
Light Emitting Diode				
LED 100 W Sentinel/Standard	$16.92	18	[16.92 + (18 x 1.910 ¢/kWh)] x 1.02458	$17.69
LED 150 W Sentinel/Standard	$20.13	28	[20.13 + (28 x 1.910 ¢/kWh)] x 1.02458	$21.17
LED 250 W Sentinel/Standard	$24.71	40	[24.71+ (40 x 1.910 ¢/kWh)] x 1.02458	$26.10
LED 400 W Sentinel/Standard	$29.42	55	[29.42 + (55 x 1.910 ¢/kWh)] x 1.02458	$31.22
Poles				
Wood	$6.58		6.58 x 1.02458	$6.74
30’ Concrete or Metal	$8.99		8.99 x 1.02458	$9.21
45’ Concrete or Metal	$14.86		14.86 x 1.02458	$15.23
25’ Concrete or Metal, Post Top	$6.26		6.26 x 1.02458	$6.41
Underground Wiring (per run)				
All sizes and types of fixtures	$15.00		15.00 x 1.02458	$15.37

[1] Customer Rates calculated based upon RSA and the MTA Factor effective July 1, 2025.

[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)

	August 1, 2024 Existing Rates	July 1, 2025 Proposed Rates
Domestic - Rate #1.1		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.79/month	\$17.38/month
Exceeding 200 Amp Service	\$20.79/month	\$22.38/month
Energy Charge - All kilowatt hours	14.237 ¢/kWh	15.213 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.79/month	\$17.38/month
Exceeding 200 Amp Service	\$20.79/month	\$22.38/month
Prompt Payment Discount	1.5%	1.5%
Domestic - Rate #1.1S		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.79/month	\$17.38/month
Exceeding 200 Amp Service	\$20.79/month	\$22.38/month
Energy Charge		
Winter Seasonal	15.190 ¢/kWh	16.166 ¢/kWh
Non-Winter Seasonal	12.940 ¢/kWh	13.916 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.79/month	\$17.38/month
Exceeding 200 Amp Service	\$20.79/month	\$22.38/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)

	August 1, 2024 Existing Rates	July 1, 2025 Proposed Rates
G.S. 0-100 kW (110 kVA) - Rate #2.1		
Basic Customer Charge		
Un-Metered	$11.88/month	$14.09/month
Single Phase	$19.88/month	$22.09/month
Three Phase	$31.88/month	$34.09/month
Demand Charge Regular	$9.70/kW - winter	$10.52/kW - winter
	$7.20/kW - other	$8.02/kW - other
Energy Charge		
First 3,500 kilowatt-hours	14.098 ¢/kWh	15.059 ¢/kWh
All excess kilowatt-hours	11.143 ¢/kWh	11.808 ¢/kWh
Maximum Monthly Charge	22.869 ¢/kWh + B.C.C.	24.689 ¢/kWh + B.C.C.
Minimum Monthly Charge		
Un-Metered	$11.88/month	$14.09/month
Single Phase	$19.88/month	$22.09/month
Three Phase	$31.88/month	$34.09/month
Prompt Payment Discount	1.5%	1.5%
G.S. 110-1000 kVA - Rate #2.3		
Basic Customer Charge	$48.82/month	$53.71/month
Demand Charge	$8.14/kVA-winter	$8.80/kVA-winter
	$5.64/kVA-other	$6.30/kVA-other
Energy Charge		
First 150 kWh per kVA of demand (max. 50,000)	12.325 ¢/kWh	13.109 ¢/kWh
All Excess kWh	10.369 ¢/kWh	10.957 ¢/kWh
Maximum Monthly Charge	22.869 ¢/kWh + B.C.C.	24.689 ¢/kWh + B.C.C.
Minimum Monthly Charge	$48.82/month	$53.71/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)

	August 1, 2024 Existing Rates	July 1, 2025 Proposed Rates
G.S. 1000 kVA and Over - Rate #2.4		
Basic Customer Charge	\$85.07/month	\$93.60/month
Demand Charge	\$7.81/kVA-winter \$5.31/kVA-other	\$8.41/kVA-winter \$5.91/kVA-other
Energy Charge		
First 75,000 kWh	11.965 ¢/kWh	12.712 ¢/kWh
All Excess kWh	10.289 ¢/kWh	10.869 ¢/kWh
Maximum Monthly Charge	22.869 ¢/kWh + B.C.C.	24.689 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$85.07/month	\$93.60/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

		August 1, 2024 Existing Rates	July 1, 2025 Proposed Rates
Fixtures			
Sentinel/Standard			
High Pressure Sodium	100W	$18.77	$20.49
	150W	23.68	25.78
	250W	34.12	37.07
	400W	48.21	52.32
Light Emitting Diode	LED 100	$16.25	$17.69
	LED 150	18.46	21.17
	LED 250	22.48	26.10
	LED 400	26.15	31.22
Post Top			
High Pressure Sodium	100W	$19.96	$21.79
Poles			
Wood		$6.11	$6.74
30' Concrete or Metal, direct buried		8.54	9.21
45' Concrete or Metal, direct buried		14.13	15.23
25' Concrete or Metal, Post Top, direct buried		6.05	6.41
Underground Wiring (per run)			
All sizes and types of fixtures		$14.40	$15.37

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 ....$17.38 per month
Exceeding 200 Amp Service ....$22.38 per month

Energy Charge:
All kilowatt-hours ....@15.213¢ per kWh

Minimum Monthly Charge:
Not Exceeding 200 Amp Service ....$17.38 per month
Exceeding 200 Amp Service ....$22.38 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 ....$14.09 per month
Single Phase ....$22.09 per month
Three phase ....$34.09 per month

Demand Charge:
$10.52 per kW of billing demand in the months of December, January, February and March and $8.02 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 ....@ 15.059¢ per kWh
All excess kilowatt-hours ....@ 11.808¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 24.689 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 ....$14.09 per month
Single Phase ....$22.09 per month
Three Phase ....$34.09 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: ....$53.71 per month

Demand Charge:
$8.80 per kVA of billing demand in the months of December, January, February and March and $6.30 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 ....@ 13.109¢ per kWh
All excess kilowatt-hours ....@ 10.957¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 24.689 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: ....$93.60 per month

Demand Charge:
$8.41 per kVA of billing demand in the months of December, January, February and March and $5.91 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 ....@ 12.712¢ per kWh
All excess kilowatt-hours ....@ 10.869¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 24.689 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)	$20.49	$21.79
150W (14,400 lumens)	25.78	-
250W (23,200 lumens)	37.07	-
400W (45,000 lumens)	52.32	-
Light Emitting Diode		
LED 100	$17.69	-
LED 150	21.17	-
LED 250	26.10	-
LED 400	31.22	-

Special poles used exclusively for lighting service*

Wood	$6.74
30' Concrete or Metal, direct buried	9.21
45' Concrete or Metal, direct buried	15.23
25' Concrete or Metal, Post Top, direct buried	6.41
Underground Wiring (per run)*	
All sizes and types of fixtures	$15.37

* 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.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Customers that reduce their demand in aggregate will be treated as a single Customer under this rate option. The aggregated Customer must provide a single point of contact for a request to Curtail.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:
The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

Curtailment Credit = Contracted Demand Reduction x $29 per kVA

Option 2:
The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

$$\text{Peak Period Load Factor} = \frac{\text{kWh usage during Peak Period}}{\text{(Maximum Demand during Peak Period x 1,573 hours)}}$$

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x $29 per kVA

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced for failure to Curtail in a winter period as follows:

1. For the first 5 curtailment requests the Curtailment Credit will be reduced 25% for each failure to Curtail.

2. After the 5^{th} curtailment 50% of the remaining Curtailment Credit, if any, will become vested ("Vested Curtailment Credit").

3. For all remaining curtailment requests the Curtailment Credit will be reduced by 12.5% for each additional failure to Curtail.

If a Customer fails to Curtail four times during a winter period, then:

1. The Customer shall only be entitled to the Vested Curtailable Credit, if any.

2. The Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1,#2.3, and #2.4 only)

Availability:

For Customers who use generation on their Serviced Premises to offset part or all of the electrical energy requirements of the Serviced Premises. Energy generated in excess of the requirements of the Serviced Premises is permitted to be credited against the Customer's energy purchases from the Company in accordance with this rate option.

Net Metering Service is available for any Serviced Premises that is supplied from the Company's distribution system, is billed under one of the Company's metered service rates, and which has generation electrically connected to it that meets the requirements of these provisions. Net Metering Service is not available for unmetered service accounts.

In order to avail of the Net Metering Service Option, Customers must submit a completed Net Metering Service Application to the Company demonstrating the Customer's eligibility for Net Metering Service.

Availability of the Net Metering Service Option will be closed once the provincial aggregate generating capacity for Net Metering Service of 5.0 MW has been met.

Customers that avail of the Net Metering Service Option must maintain compliance with all requirements of this Option. The Company shall have the right to verify compliance through inspection or testing.

Metering:

Net Metering Service will ordinarily be metered using a Company-supplied single meter capable of registering the flow of electrical energy in two directions. The meter will separately capture both the energy supplied to the Customer by the Company and the energy supplied to the Company by the Customer.

At the Company's option, the output of the Customer's generation may be metered separately. In that case, the Customer shall provide the Company with the access necessary to install and maintain the required metering equipment.

The Customer shall pay all costs to upgrade the metering equipment for Net Metering Service if the existing electrical meter at the Serviced Premises is not capable of safely and reliably measuring both the energy supplied to the Customer by the Company and the energy supplied to the Company by the Customer.

NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1,#2.3, and #2.4 only)

Billing:

Each account availing of Net Metering Service will be billed on the rate normally applicable to the Customer's class of Service.

The Customer's net monthly bill will be determined by deducting the Customer Generation Credit from the total of all charges for Service. The Customer Generation Credit equals the Generation Energy Credit, in kilowatt-hours ("kWh") multiplied by the rate applicable to the Customer's class of Service during the billing month.

The "Generation Energy Credit" is the sum of the kWh energy supplied by the Customer to the Company during the billing month plus Banked Energy Credits. The Generation Energy Credit for a billing month shall not exceed the energy supplied by the Company to the Customer during that month.

"Banked Energy Credits" are the amount of kWh energy supplied by the Customer to the Company that exceeds the kWh energy supplied by the Company to the Customer. Banked Energy Credits in excess of those used to calculate the Generation Energy Credit for a billing month will be carried forward to the following month.

The balance of the Customer's Banked Energy Credits carried forward will be settled annually by means of a credit on the Customer's bill for the Annual Review Billing Month. The Annual Review Billing Month will be determined by the Customer, in consultation with the Company, during the process of implementing Net Metering Service. The Annual Review Billing Month may be revised by the Customer, in consultation with the Company, upon a revision to the Utility Rate charged by Newfoundland and Labrador Hydro to the Company. Settlement of Banked Energy Credits will be computed based upon the then-current 2nd block energy charge in Newfoundland and Labrador Hydro's Utility Rate applicable to service provided to the Company.

Whenever a Customer's participation in the Net Metering Service Option is discontinued, any unused Banked Energy Credits will be settled with a credit on the Customer's next bill.

All customers must pay Harmonized Sales Tax (HST) on the energy supplied by the Company to the Customer during the billing month. If a Customer availing of Net Metering Service is required by law to collect HST on the energy they supply to the Company, the Company will pay HST to the Customer based on the amount of the Customer Generation Credit. It is the Customer's responsibility to notify the Company in writing if they are required to collect HST on the energy they supply to the Company.

NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1,#2.3, and #2.4 only)

Special Conditions:

Special conditions in this clause do not supersede, modify or nullify the conditions accompanying the metered rate schedules applicable to the Customer's class of Service.

To avail of Net Metering Service, a single Customer must own and maintain responsibility for the Serviced Premises, the generation and the electrical facilities connecting it to the Company's distribution system.

To qualify for Net Metering Service, the Customer's generation must meet the following requirements:

i) be designed not to exceed the annual energy requirements of the buildings and facilities metered together on the Serviced Premises;
ii) have a manufacturer's nameplate capacity rating totaling not more than 100 kW, except where a lower rating is stipulated by the Company for technical reasons;
iii) be electrically connected through Customer-owned electrical facilities to the Serviced Premises to which Net Metering Service is being provided;
iv) produce electrical energy from a renewable energy source, including wind, solar, photovoltaic, geothermal, tidal, wave, biomass energy or other renewable energy sources that may be approved by the Company on a case-by-case basis; and
v) meet all applicable safety and performance standards established by the Canadian Electrical Code, the Public Safety Act and the Company's Interconnection Requirements.

All Customer-owned wiring, equipment and devices associated with generation utilized for Net Metering Service shall conform to the Company's interconnection requirements.

The Customer will retain the rights to any renewable energy credits or greenhouse gas-related credits arising from the use of renewable energy sources to generate electricity in accordance with this Option.

A Customer availing of Net Metering Service is responsible for all costs associated with their own facilities. The Customer shall also be required to pay all costs incurred by the Company to modify the utility supply for the provision of Net Metering Service, and for necessary engineering or technical studies required in connection with the provision of Net Metering Service to the Customer.

The approval of an application for Net Metering Service will be subject to the applicant entering into a Net Metering Interconnection Agreement with the Company.

If an applicant approved for Net Metering Service does not proceed with operation of its generation in accordance with its approval within two years from the date of the Company's approval of the application, the approval will be rescinded.

NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1,#2.3, and #2.4 only)

Approval of Net Metering Service may be revoked if a Customer is found to be in violation of provisions of the Company's Rules and Regulations.

If participation in the Net Metering Service Option is discontinued, the Customer must re-apply to the Company to avail of the Net Metering Service Option.

Newfoundland Power Inc.

Average Billing Impacts - Customer Rates
(Billing Amounts include RSA and MTA effective July 1, 2025)
($000s)

	Category	Adjusted Existing Rates	Customer Rates	Change	Average Impacts
1		(A)[1]	(B)[2]	(C)[3]	(D)[4]
2					
3	1.1 Domestic	545,650	584,443	38,793	7.1%
4	1.1S Domestic Seasonal	1,827	1,957	130	7.1%
5	Total Domestic	547,477	586,400	38,923	7.1%
6					
7	2.1 General Service 0-100 kW (110 kVA)	117,057	125,259	8,202	7.0%
8	2.3 General Service 110-1000 kVA	137,659	146,707	9,048	6.6%
9	2.4 General Service over 1000 kVA	59,569	63,272	3,703	6.2%
10	Total General Service	314,285	335,238	20,953	6.7%
11					
12	4.1 Street and Area Lighting[5]	16,741	18,340	1,599	9.6%
13	Forfeited Discounts	3,109	3,374	265	8.5%
14					
15	**Total**	881,612	943,352	61,740	7.0%

[1] Column A is the 2026 forecast customer billings under existing customer rates including changes associated with Order Nos. P.U. 16 (2024), P.U. 18 (2024), and P.U. 20 (2024) (see Appendix F to 2025/2026 GRA Compliance Report, Column C).

[2] Column B is the 2026 forecast under the Proposed Customer Rates including RSA and MTA effective July 1, 2025.

[3] Column C is the difference between forecast under Proposed Customer Rates and Existing rates (Column B - Column A).

[4] Column D is the forecast rate change as a result of the General Rate Order and the RSA/MTA update (Column C / Column A).

[5] The Street and Area Lighting class has lower Rate Stabilization Adjustment billings than the other classes of service. As a result, the average base rate increase results in a comparatively higher total customer billing impact for the Street and Area Lighting class when compared to the other classes of service (see Appendix F to 2025/2026 GRA Compliance Report, line 12).

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

1. INTERPRETATION:

(a) In these Rates, Rules and Regulations the following definitions shall apply:

(i) "Act" means The Public Utilities Act RSN 1970 c. 322 as amended from time to time.
(ii) "Applicant" means any person who applies for Service.
(iii) "Board" means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
(iv) "Company" means Newfoundland Power Inc.
(v) "Customer" means any person who accepts or agrees to accept Service.
(vi) "Disconnected" or "Disconnect" in reference to a Service means the physical interruption of the supply of electricity thereto.
(vii) "Discontinued" or "Discontinue" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.
(viii) "Domestic Unit" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.
(ix) "Service" means any service(s) provided by the Company pursuant to these Regulations.
(x) "Serviced Premises" means the premises at which Service is delivered to the Customer.

(b) Unless the context requires otherwise these Rates, Rules and Regulations shall be interpreted such that words imparting the singular include the plural and vice versa.

2. CLASSES OF SERVICE:

(a) The Company shall provide the following classes of Service:

(i) Domestic Service
(ii) General Service, 0-100 kW (110 kVA)
(iii) General Service, 110 kVA (100 kW) - 1000 kVA
(iv) General Service, 1000 kVA and Over
(v) Street and Area Lighting Service

(b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.

(c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and, in the opinion of the Company, can be readily determined without metering.

(d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part, except that the Customer may include the cost of Service in charges for the lease of space, or as part of the cost of other services provided by the Customer.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

3. APPLICATION FOR SERVICE:

(a) An Applicant, when required by the Company, shall complete a written Electrical Service Contract.

(b) An application for Service, when accepted by the Company, constitutes a binding contract between the Applicant and the Company which cannot be assigned.

(c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another person denoted as the Applicant on the application for Service.

(d) The Company may in its discretion refuse to provide Service to an Applicant where:

(i) the Applicant fails or refuses to complete an application for Service.

(ii) the Applicant provides false or misleading information on the application for Service.

(iii) the Applicant or the owner or an occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.

(iv) the Applicant fails to provide the security or guarantee required under Regulation 4.

(v) the Applicant is not the owner or an occupant of the Serviced Premises.

(vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having their Service Discontinued.

(vii) the Applicant does not pay a charge described in Regulation 9 (b), (c), or (d).

(viii) the Applicant otherwise fails to comply with these Regulations.

(e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by the Company in writing.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

4. SECURITY FOR PAYMENT:

(a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by the Company pursuant to its Customer Deposit Policy as approved by the Board, from time to time.

(b) The Company may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

5. SERVICE STANDARDS - METERED SERVICES:

(a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three-phase supply:

Single-phase, 3 wire, 120/240 volts
Three-phase, 4 wire, 120/208 volts wye
Three-phase, 4 wire, 347/600 volts wye

Service at any other supply voltage may be provided in special cases at the discretion of the Company.

(b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volts or as part of a multiunit building, at single phase 120/208 volts. The Company may, if requested by the customer, provide three phase service if a contribution in aid of construction is paid to the Company in accordance with Regulation 9(c).

(c) The Company shall not be required to provide services at 50 hertz except to those Serviced Premises receiving 50 hertz power continuously since May 13, 1977.

(d) The Company shall determine the point at which power and energy is delivered from the Company's facilities to the Customer's electrical system.

(e) Service entrances shall be in a location satisfactory to the Company and, except as otherwise approved by the Company, shall be wired for outdoor meters.

(f) Where the Company has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by the Company provide and install, at their expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(g) (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas served by underground wiring or where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank or pad transformer, shall, on request of the Company, provide at its expense a suitable vault or enclosure on the Serviced Premises for exclusive use by the Company for its equipment necessary to supply and maintain service to the Customer.

(ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to the Company's system which cannot be accommodated in the Company's existing vaults or structures, the Customer shall, on request of the Company, provide at the Customer's expense such additional space in its vault or enclosure as the Company shall require to accommodate the additional equipment.

(h) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower, except where specifically approved by the Company.

(i) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. The Company, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by the Company provide, at their expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

(j) The Company shall provide transformation for Service up to 500 kVA where the required service voltage is one of the Company's standard service voltages and installation is in accordance with the Company's standards. In other circumstances, the Company, on such conditions as it deems acceptable, may provide the transformation.

(k) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1, and, where applicable, in accordance with the Company's specifications. However, the provision of Service shall not in any way be construed as acceptance by the Company of the Customer's electrical system.

(l) The Customer shall provide such protective devices as may be necessary to protect their property and equipment from any disturbance beyond the reasonable control of the Company.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

(a) For Street and Area Lighting Service the Company shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. The Company shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.

(b) The Company shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead or underground conductors, control equipment and other devices.

(c) The Company shall not be required to provide Street And Area Lighting Service where, in the opinion of the Company, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.

(d) The Company shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.

(e) The location of fixtures for Street and Area Lighting Service shall be determined by the Company in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.

(f) The Company does not guarantee that fixtures used for Street And Area Lighting Service will illuminate any specific area.

(g) The Company shall not be required to provide additional Street And Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, their bill for such Service has been in arrears for more than 30 days.

7. METERING:

(a) Service to each building shall be metered separately except as provided in Regulation 7(b).

(b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the Customer supplies and maintains all distribution facilities beyond the point of supply.

(c) Except as provided in Regulation 7(d), Service to each new Domestic Unit shall be metered separately.

(d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of the Company, be metered together.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.

(f) Where the Service to a Domestic Unit has a connected load for commercial or non-domestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.

(g) The Company shall not be required to provide more than one meter per Service, however submetering by the Customer for any purpose not inconsistent with these Regulations, is permitted.

(h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.

(i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of the Company, may be based on:

(i) 80% of the connected load, where the demand does not exceed 100 kW, or

(ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or

(iii) the kilowatt-hour consumption divided by an appropriate number of hours use where demand is less than 10 kW.

(j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable rate is in kVA and in kW if the applicable rate is in kW.

If the demand is recorded on a kVA meter but the applicable rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.

(k) The Customer shall ensure that meters and related equipment are visible and readily accessible to the Company's personnel and are suitably protected. Unless otherwise approved by the Company, meters shall be located outdoors and shall not subsequently be enclosed.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(l) If a meter is located indoors and Company employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by the Company, provide for the installation of an outdoor meter at the Customer's expense.

(m) In the event that a dispute arises regarding the accuracy of a meter, and the Company is unable to resolve the matter with the Customer then either the Customer or the Company shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by the Company. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. The Company may require a Customer to deposit with the Company in advance of testing, an amount sufficient to cover the costs involved.

(n) Metering shall normally be at secondary distribution voltage level but may at the option of the Company be at the primary distribution level. When metering is at the primary distribution voltage (4 - 25 kV) the monthly demand and energy consumption shall be reduced by 1.5%.

8. METER READING:

(a) Where reasonably possible the Company shall read meters monthly provided that the Company may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and the Company will estimate the readings for all other months.

(b) If the Company is unable to obtain a meter reading due to circumstances beyond its reasonable control, the Company may estimate the reading.

(c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

9. CHARGES:

(a) Every Customer shall pay the Company the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay the Company a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material. The payment may be required in advance or, subject to credit approval, billed to the Customer.

(c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay the Company the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the Customer.

(d) The Customer shall pay the Company in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.

(e) The Customer shall pay the Company the amount set forth in the rate for all poles required for Street and Area Lighting Service which are in addition to those installed by the Company for the distribution of electricity. This charge shall not apply to Company poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.

(f) Where a Service is Disconnected pursuant to Regulation 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee.

Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee.

The reconnection fee shall be $20.00 where the reconnection is done during normal office hours or $40.00 if it is done at other times.

(g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11 (a), (b) or (c), or 9 (i), or when a Customer requests removal of existing fixtures, poles, and/or underground wiring, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles and/or underground wiring to be Discontinued or removed.

(ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.

(iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole and underground wiring.

(i) Where Street and Area Lighting fixtures or lamps are wantonly, wilfully, or negligently damaged or destroyed (other than through the negligence of the Company), the Company, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the Customer contacts the Company within thirty days of the date on the letter and agrees to pay the repair costs in advance and all future repair costs, the Company will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, the Company, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to the Company in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.

(j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of the Company.

(k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides their own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:

(i) for supply at 4 kV to 25 kV	$0.40 per kVA
(ii) for supply at 33 kV to 138 kV	$0.90 per kVA

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to the Company, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.

(m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.

(n) An application fee of $8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Service Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

10. BILLING:

(a) The Company shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised the Company may issue an additional bill.

(b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.

(c) Bills are due and payable when issued. Payment shall be made at such place(s) as the Company may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is $50.00 or more, the Company may charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.

(d) Where a Customer’s cheque or automated payment is not honoured by their financial institution, a charge of $16.00 may be applied to the Customer’s bill.

(e) Where a Customer is billed on the basis of an estimated charge an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.

(f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service, or a Service is Discontinued, the Company may base the billing on an estimate of the reading as of the date of change.

(g) Where a Customer has been underbilled due to an error on the part of the Company or due to an act or omission by a third party, the Customer may, at the discretion of the Company, be relieved of the responsibility for all or any part of the amount of the underbilling.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

11. DISCONTINUANCE OF SERVICE:

(a) A Service may be Discontinued by the Customer at any time upon prior notice to the Company provided that the Company may require 10 days prior notice in writing.

(b) A Service may be Discontinued by the Company upon 10 days prior notice in writing to the Customer if the Customer:

(i) provided false or misleading information on the application for the Service.

(ii) fails to provide security or guarantee for the Service required under Regulation 4.

(c) A Service may be Discontinued by the Company without notice if the Service was Disconnected pursuant to Regulation 12, and has remained Disconnected for over 30 consecutive days.

(d) When the Company accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that service is signed by a landlord under Regulation 11(f).

(e) Where a Service has been Discontinued, the Service may, at the option of the Company and subject to Regulation 12(a), remain connected.

(f) A landlord may sign an agreement with the Company to accept charges for Service provided to a rental premise for all periods when the Company does not have a contract for Service with a tenant for that premise.

12. DISCONNECTION OF SERVICE:

(a) The Company shall Disconnect a Service within 10 days of receipt of a written request from the Customer.

(b) The Company may Disconnect a Service without notice to the Customer:
(i) where the Service has been Discontinued,
(ii) on account of or to prevent fraud or abuse,
(iii) where in the opinion of the Company the Customer's electrical system is defective and represents a danger to life or property,
(iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations,
(v) where the Customer has a building or structure under the Company's wires which is within the minimum clearances recommended by the Canadian Standards Association, or
(vi) when ordered to do so by any authority having the legal right to issue such order.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

(c) The Company may, in accordance with its Collection Policies filed with the Board, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 days or more after issuance.

(d) The Company may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.

(e) The Company may refuse to reconnect a Service if the Customer is in violation of any provisions of these Regulations or if the Customer has a bill for any Service which is unpaid.

(f) The Company may Disconnect a Service to make repairs or alterations. Where reasonable and practical the Company shall give prior notice to the Customer.

(g) The Company may Disconnect the Service to a rental premises where the landlord has an agreement with the Company authorizing the Company to Disconnect the Service for periods when the Company does not have a contract for Service with a tenant of that premises.

13. PROPERTY RIGHTS:

(a) The Customer shall provide the Company with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.

(b) The Company shall have the right to install, remove or replace such of its property as it deems necessary.

(c) The Customer shall provide the Company with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.

(d) All equipment and facilities provided by the Company shall remain the property of the Company unless otherwise agreed in writing.

(e) The Customer shall not unreasonably interfere with the Company’s access to its property.

(f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to the Company's poles or other property except by prior written permission of the Company.

(g) The Customer shall allow the Company to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.

(h) The Customer shall not erect any buildings or obstructions on any of the Company's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of the Company.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

14. COMPANY LIABILITY:

The Company shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond the reasonable control of the Company.

15. GENERAL:

(a) No employee, representative or agent of the Company has the authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on the Company.

(b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by the Company to the Customer's last known address, whichever is sooner.

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 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:

$$\mathbf{(G/H - P) \quad x \quad H}$$

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 2^{nd} 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:

$$\mathbf{(P - J) \ x \ K}$$

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:

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

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)			
	100	150	250	400
High Pressure Sodium	454	714	1,260	1,953

	Fixture Type			
	LED 100	LED 150	LED 250	LED 400
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)	$ -
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)	$ -
Increase in Purchased Power Expense (V = T – U)	$ -
Adjustment to Rate Stabilization Account (W = S – V)	$ -

   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 annual 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 on a monthly basis 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 purchases in kWh.

   D = the test year 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 ("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.

9. On March 31st of each year, beginning in 2025, the Rate Stabilization Account shall be increased on a before tax basis, by the Electrification Cost Recovery Transfer.

   The Electrification Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Electrification Cost Deferral Account over a 10-year period, commencing in the year following the year in which the Electrification Cost Deferral is charged to the Electrification Cost Deferral Account.

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

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

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.

NEWFOUNDLAND POWER INC.

MUNICIPAL TAX CLAUSE

I. MUNICIPAL TAX ADJUSTMENT ("MTA")

The Company shall include a MTA in its rates to reflect taxes charged to the Company by municipalities.

A MTA factor shall be calculated annually, effective the first day of July in each year, to collect over the following twelve (12) month period, an amount to cover municipal taxes. The MTA factor rounded to the nearest fifth decimal shall be calculated as follows:

$$\frac{X}{Y} + 1.00000$$

Where:

X = the amount of all municipal taxes paid by the Company in the previous calendar year.

Y = the amount of revenue earned by the Company in the previous calendar year less the amount collected by the Company under the Municipal Tax Clause in that year.

The MTA factor shall apply to all charges in all rate descriptions. These charges shall be adjusted annually effective the first day of July in each year to reflect changes in the MTA factor. The new charges rounded to the nearest significant number expressed in the rate descriptions shall be determined by multiplying each charge by the MTA factor. The new charges shall apply to all bills based on consumption on and after the first day of July.

The MTA factor shall be applied after application of the Rate Stabilization Adjustment.