1 **Schedule B**
2
3 **Q.** **(Schedule B) Street and Area Lighting:**
4 **a) What is the basis for these rates?**
5 **b) Have these rates changed as a result of the LED Street Lighting Replacement**
6 **Program? If so, in what way, and if not, why not?**
7
8 A. a) Customer rates for the Street and Area Lighting class of service are based on the cost
9 of service for that class. The current revenue-to-cost ratio for the class is 97.2%.[1]
10
11 The Street and Area Lighting class of service comprises 4% of Newfoundland
12 Power's total customers and 0.3% of its total energy sales.[2]
13
14 b) Newfoundland Power introduced customer rates for LED street and area lighting as
15 part of its *2019/2020 General Rate Application* ("GRA"). The customer rates were
16 designed so that LED and High Pressure Sodium ("HPS") rates reflected their
17 respective cost of service.[3]
18
19 The Board approved the Company's Street and Area Lighting customer rates in Order
20 No. P.U. 2 (2019). There have been no changes in Newfoundland Power's rate design
21 for the Street and Area Lighting class of service since that time.[4]

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[1] Maintaining revenue-to-cost ratios for each rate class within a range of 90% to 110% has been an accepted approach to achieving fairness in rate design by avoiding undue cross-subsidization among the various classes.

[2] See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 5: Customer Rates,* Table 5-1, page 5-2.

[3] For example, LED street lights consume approximately 60% less energy than HPS street lights and require less maintenance. For further details, see the *2019/2020 General Rate Application, Volume 2: Supporting Materials, Reports, LED Street Lighting, Appendix B: Rate Design Methodology*.

[4] In the Company's 2022/2023 GRA, the overall average customer rate decrease was applied to the Street and Area Lighting class of service as its revenue-to-cost ratio at that time was 105.3%. In the 2025/2026 GRA, the Company is proposing to apply the overall average rate increase to that class as its revenue-to-cost ratio is 97.2%.