

1 **Section 4: Rate Base and Revenue Requirement/Rate Base and Rate of Return on Rate**  
2 **Base**

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4 **Q. Reference: “2025/2026 General Rate Application – Additional Information,”**  
5 **Newfoundland Power Inc., December 13, 2023, sch. A, sec. D, p. 5.**  
6 **Additional Information states:**

7 **In an unlikely situation where the current wholesale rate remains in place**  
8 **through 2026 with excess energy requirements being costed at 18.165¢ per**  
9 **kWh, cost recovery would be delayed by 18 months in the Company’s**  
10 **proposed approach, versus rebasing power supply energy costs in its GRA.**  
11 **The customer rate impact on the interest associated with that delayed**  
12 **recovery is estimated to be a 0.1% increase in 2026 and a 0.2% increase in**  
13 **2027.**

14 **Please describe why cost recovery would be delayed. Please include a numeric**  
15 **example demonstrating the delay.**

16  
17 A. The Company’s 2026 revenue requirement includes an energy supply cost variance  
18 (“ESCV”) adjustment of \$35.5 million.<sup>1</sup> In Newfoundland Power’s proposed approach,  
19 and assuming the current wholesale rate remains in place throughout 2026, this amount  
20 would be transferred to the Company’s Rate Stabilization Account on December 31,  
21 2026 and would be recovered from customers over the July 1, 2027 to June 30, 2028  
22 period as part of the annual July 1<sup>st</sup> rate adjustment.

23  
24 If power supply energy costs were rebased (i.e. included in the 2026 revenue  
25 requirements to determine base customer rates), the \$35.5 million would be recovered  
26 from customers over the January 1, 2026 to December 31, 2026 period.

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<sup>1</sup> See PUB Information Request (i), Schedule A, Attachment 1.