

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,” Newfoundland Power Inc.,**  
 5 **December 12, 2023, vol. 1, Evidence, sec. 4.3.2, p. 4-4, Table 4-2 and sec. 4.3.5, p. 4-**  
 6 **11, Table 4-11 and vol. 2, Reports, “Customer, Energy and Demand Forecast,”**  
 7 **app. B and app. C.**

8 **a) Please provide calculations supporting the Elasticity Impacts in Table 4-2 and**  
 9 **Table 4-11. In the calculations, incorporate and refer to the total changes to**  
 10 **Energy Sales, Purchases, and Demand described in Appendix B and C of the**  
 11 **“Customer, Energy and Demand Forecast” report. Please explain how**  
 12 **Newfoundland Power determined the contribution impact of each gigawatt-hour**  
 13 **adjusted.**

14 **b) Please provide calculations detailing how the proposed 5.5% price increase is**  
 15 **used to determine the energy adjustments used to convert the existing GWh**  
 16 **sales, purchases and demand forecast into the proposed GWh sales, purchases**  
 17 **and demand forecast in Appendix B and C of the “Customer, Energy and**  
 18 **Demand Forecast” report.**

19  
 20 **A. a) Table 1 provides the calculation of the elasticity impacts associated with power**  
 21 **supply costs shown in Table 4-2.**

**Table 1:**  
**Elasticity Impacts on Power Supply Costs**  
**(\$000s)**

		<b>2025F</b>	<b>2026F</b>
Lower energy purchases (GWh)	A	(17.0)	(50.4)
Wholesale second block charge (¢/kWh) <sup>1</sup>	B	18.165	18.165
Elasticity Impact	<b>C = (A x B)</b>	<b>(3,088)</b>	<b>(9,391)</b>

22 The elasticity impacts were determined by applying the wholesale second block  
 23 charge of 18.165 ¢/kWh to the energy purchases impacted by price elasticity.

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<sup>1</sup> 2026 includes a billing demand impact of \$0.2 million.

1 Table 2 provides the calculation of the elasticity impacts associated with revenue from  
 2 rates shown in Table 4-11.

**Table 2:  
 Elasticity Impacts on Revenue from Rates**

	<b>GWh</b>	<b>Rate<sup>2</sup></b>	<b>Revenue</b>	<b>Discount</b>	<b>Forfeited</b>	<b>Total</b>
	<b>A</b>	<b>(¢/kWh)</b>	<b>(\$000s)</b>	<b>(1.5%)</b>	<b>Discount</b>	<b>Revenue</b>
		<b>B</b>	<b>C = A x B</b>	<b>D</b>	<b>(\$000s)</b>	<b>(F = C - D + E)</b>
<b>2025F</b>						
Domestic	13.5	11.927	1,610	24	8	1,594
General Service 2.1 <10 kW	0.5	11.789	59	1	-	58
General Service 2.1 >10 kW	<u>2.2</u>	8.857	<u>195</u>	<u>3</u>	<u>1</u>	<u>193</u>
	16.2		1,864	28	8	<b>1,845</b>
<b>2026F</b>						
Domestic	45.1	11.927	5,379	81	22	5,320
General Service 2.1 <10 kW	0.4	11.789	47	1	-	46
General Service 2.1 >10 kW	<u>2.5</u>	8.857	<u>221</u>	<u>3</u>	<u>1</u>	<u>219</u>
	48.0		5,647	85	23	<b>5,585</b>

3 The elasticity impacts were determined by applying the base customer rates to the  
 4 electricity sales impacted by price elasticity.

5  
 6 For further information on the impact of price elasticity on Newfoundland Power’s  
 7 electricity sales and revenue requirements, see the responses to Requests for  
 8 Information PUB-NP-102 and PUB-NP-103.

9  
 10 b) Table 3 provides the calculation supporting the energy adjustments due to the price  
 11 elasticity associated with the proposed 5.5% rate increase.

**Table 3:  
 Elasticity Impacts of 5.5%  
 Proposed Rate Increase  
 (GWh)**

<b>Year</b>	<b>Energy Sales</b>	<b>Elasticity</b>	<b>Elasticity</b>
	<b>Existing</b>	<b>Factor</b>	<b>Impact</b>
<b>2025F</b>	6,034.1	1.07%	16.2
<b>2026F</b>	6,026.3	1.07%	48.0

12 Price elasticity has a partial effect in the 12-month period following the rate increase  
 13 and the full effect after that. Since the 5.5% rate increase is proposed for July 1, 2025

<sup>2</sup> Reflecting base customer rates proposed in the 2024 Rate of Return on Rate Base Application.

1                   there is a partial effect is from July 2025 to June 2026 and the full effect from July  
2                   2026 onward.<sup>3</sup>

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4                   For information of price elasticity on peak demand, see the response to Request for  
5                   Information NLH-NP-083.

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<sup>3</sup> For the July 1, 2025 rate increase, the elasticity effect in 2025 is approximately one quarter. For 2026, the effect is approximately three quarters.