

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, att. 1.**  
6 **Scenario A and B present the same Power Supply Costs of \$522,388 in 2026.**

7 **Footnote 2 states:**

8 **Scenario B is based on rebasing power supply energy costs effective July 1,**  
9 **2025. The rebasing impact is based on the current wholesale end block rate**  
10 **of 18.165¢ per kWh. The analysis excludes price elasticity effects associated**  
11 **with the additional rate impact resulting from the rebasing of power supply**  
12 **energy costs.**

13 **Please provide a revised Scenario B, with elasticity impacts incorporated.**

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15 **A. See Attachment A for requested scenario.**

***Pro Forma 2026 Revenue Requirement and Customer Rate Impacts with Price Elasticity***

**Newfoundland Power Inc.**  
**Pro Forma 2026 Revenue Requirement and Customer Rate Impacts**  
**Scenario A and Scenario B**  
**(\$000s)**

		<b>Scenario A (Proposed)<sup>1</sup></b>	<b>Scenario B (Rebasing)<sup>2</sup></b>
<b>Estimated Revenue Requirement Impacts</b>			
<b>Costs</b>			
Power Supply Cost <sup>3</sup>		522,388	515,632
Operating Costs		84,940	84,940
Employee Future Benefit Costs		1,812	1,812
Deferred Cost Recoveries and Amortizations		9,888	10,140
Depreciation		86,691	86,691
Income Taxes		27,541	27,618
		<u>733,260</u>	<u>726,833</u>
<b>Return on Rate Base</b>		104,667	104,187
<b>2026 Revenue Requirement</b>		837,927	831,020
<b>Adjustments</b>			
Other Revenue		(6,860)	(6,860)
Interest on Security Deposits		72	72
Energy Supply Cost Variance Adjustments		(35,495)	-
Other Transfers to RSA		(6,042)	(6,042)
		<u>(48,325)</u>	<u>(12,830)</u>
<b>2026 Revenue Requirement from Rates</b>	<b>A</b>	<b><u>789,602</u></b>	<b><u>818,190</u></b>
<b>Estimated Customer Rate Impacts</b>			
Existing revenue requirement	B	750,723	750,723
<b>Change in revenue requirement</b>	<b>C = A - B</b>	<b>38,879</b>	<b>67,467</b>
Price Elasticity On Revenue <sup>3</sup>	D	5,585	9,651
<i>Pro forma</i> MTA impact related to change in price elasticity <sup>3</sup>	F	1,092	1,906
<b>Total change in customer billings</b>	<b>G = C + D + E + F</b>	<b>45,556</b>	<b>79,025</b>
Existing customer billings <sup>4</sup>	H	835,762	835,762
<b>Customer rate impact</b>	<b>I = G / H</b>	<b>5.5%</b>	<b>9.5%</b>

<sup>1</sup> Scenario A is based on not rebasing power supply energy costs in 2025 and 2026 as reflected in Newfoundland Power's 2025/2026 GRA filing. See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Exhibit 7, page 2 of 2.

<sup>2</sup> Scenario B is based on rebasing power supply energy costs effective July 1, 2025. The rebasing impact is based on the current wholesale end block rate of 18.165¢ per kWh. See footnote 3 for information related to Hydro's requested adjustment to the scenario.

<sup>3</sup> Adjusted for the requested scenario. *Pro forma* estimates of price elasticity due to rebasing, in addition to the elasticity estimates included in the existing forecast of 2.25% and in the proposed forecast of 5.5%.

<sup>4</sup> Existing rates include higher rate revenue in 2026 associated with the July 1, 2024 rate change proposed in the Company's 2024 Rate of Return on Rate Base Application.