

SECTION 4: RATE BASE AND REVENUE REQUIREMENT**Q. Reference: NLH-NP-080**

As per Table 1 in the response to NLH-NP-080, Newfoundland Power will save \$3.088 million and \$9.391 million in purchased power costs due to lower purchases associated with elasticity impacts. As per Appendix C of the Customer, Energy and Demand Report, elasticity is reducing demand from 1,338.74 MW to 1,334.811 MW in 2025, and 1,336.847 MW to 1,325.188 MW in 2026. As per Table 1, the reduction in purchased power costs are calculated using the tail block energy rate only.

Please explain why the reduction in demand is not factored in the reduced power supply cost of \$9.391 million as shown in Exhibit 7.

A. A reduction in billing demand costs of \$0.2 million has been factored in the reduced power supply cost of \$9.391 million.¹

¹ Billing demand uses the reduction in 2025 demand of 1,338.7 MW – 1,334.8 MW = 3.9 MW x \$5.00 demand charge x 12 months = \$0.2 million.