

1 **Q. C. Douglas Bowman Report, page 3, line 35 to page 4, line 5. In Mr. Bowman’s**
2 **opinion, if the wholesale rate for Newfoundland Power is not revised and**
3 **implemented until 2026, should Newfoundland Power’s power supply energy costs**
4 **rates be rebased in this General Rate Application proceeding based on the current**
5 **wholesale rate? Is Mr. Bowman’s opinion the same if the implementation date for a**
6 **revised wholesale rate is mid-to-late 2025?**
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8 **A.** Mr. Bowman notes that Newfoundland Power responded to this question in PUB-NP-133
9 where it states “*if the Company had certainty that the current wholesale rate would*
10 *remain in place until December 31, 2026, then it would be reasonable to rebase power*
11 *supply energy costs based on the current wholesale rate as part of the Company’s*
12 *2025/2026 General Rate Application.*” Mr. Bowman agrees.
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14 In the same response Newfoundland Power states “*If it is not feasible to revise the*
15 *wholesale rate in advance of Hydro’s next GRA, this would result in the current wholesale*
16 *rate remaining in effect through 2025 and likely beyond January 1, 2026. In this scenario,*
17 *it would be reasonable to rebase power supply energy costs based on the current*
18 *wholesale rate as part of the Company’s 2025/2026 General Rate Application.*” Mr.
19 Bowman believes that if the implementation date for a revised wholesale rate is mid-to
20 late 2025, it is reasonable to rebase power supply costs in this GRA based on the current
21 wholesale rate. In any regard, Mr. Bowman strongly recommends that the wholesale rate
22 be revised to reflect marginal energy costs in the tail-block energy charge by January 1,
23 2025. Customers receive no benefit from a wholesale rate that prices marginal
24 consumption at 18.165 cents/kWh when the marginal cost of energy ranges from 3 to 5
25 cents/kWh.