

1 **Section 5: Customer Rates**
2

3 **Q. Volume 1, Section 5, page 5-1, line 9. Newfoundland Power is proposing an increase**
4 **in rates for customers to be effective July 1, 2025.**

- 5 a) **Please compare the 2026 test year revenue requirement effects of an**
6 **implementation date of: 1) January 1, 2025; 2) February 1, 2025 and 3) July 1,**
7 **2025**
8 **b) Please explain the advantages and disadvantages of waiting until July 1, 2025 to**
9 **implement new base rates that may be implemented following the General Rate**
10 **Application.**

11
12 A. a) Table 1 provides the *pro forma* 2026 test year revenue requirement effects of an
13 implementation date of: 1) January 1, 2025; 2) February 1, 2025 and 3) July 1, 2025.¹

Table 1:
2026 Pro Forma Revenue Requirement
(\$millions)

	2026PF
January 1, 2025	781
February 1, 2025	782
July 1, 2025	790

- 14 b) The primary benefit associated with the implementation of customer rates on
15 July 1, 2025 is that it aligns with the annual July 1st rate adjustment, which minimizes
16 the number of rate changes for customers in 2025.

17
18 The primary disadvantage of the proposed July 1, 2025 rate change, as compared to a
19 January 1, 2025 rate change, is that it results in a larger revenue shortfall in 2025,
20 which increases the related amortization included in 2026 revenue requirement as
21 shown in Table 1. The customer rate impact associated with the difference in 2026
22 revenue requirement of \$9 million is approximately 1.1%.²

¹ An earlier customer rate change in 2025 would reduce to the 2025 revenue shortfall, which in turn would reduce the amortization of that shortfall in the 2026 revenue requirement.

² \$790 million less \$781 million equals \$9 million. \$9 million divided by \$836 million 2026 existing customer billings equals approximately 1.1%.