

- 1 **Q. Further to the response to PUB-NP-004 a):**  
2 **a) Please provide an update on the discussions with Newfoundland and Labrador**  
3 **Hydro (Hydro) on the possibility of implementing a new wholesale rate on**  
4 **January 1, 2025, including when Newfoundland Power anticipates such an**  
5 **application will be filed, the process Newfoundland Power expects would be**  
6 **followed to review such an application and Newfoundland Power’s basis for**  
7 **expecting that this process would conclude in time for actual implementation for**  
8 **January 1, 2025.**  
9 **b) Newfoundland Power states it would file a “flow-through” application following**  
10 **approval of a new wholesale rate and that applications of a similar nature have**  
11 **occurred before. Have any of the referenced “flow-through” applications**  
12 **involved a change in the wholesale rate structure?**  
13 **c) Could a similar “flow-through” application be filed if power supply energy costs**  
14 **are rebased for 2025 and 2026 and a new wholesale rate is approved sometime in**  
15 **late 2025 or 2026?**  
16 **d) Please explain the rationale for the use of Hydro’s 2019 test year requirement**  
17 **for establishing a new wholesale rate when it is anticipated that Hydro will be**  
18 **filing a general rate application in 2025 with new updated test years.**  
19  
20 **A. a) Discussions between Newfoundland Power and Hydro regarding the implementation**  
21 **of a new wholesale rate effective January 1, 2025 are ongoing. Hydro is currently**  
22 **working on an analysis to determine if such an implementation date is feasible. To**  
23 **date, Newfoundland Power is not aware of any specific concerns that would preclude**  
24 **the wholesale rate from being revised at that time. Further, the utilities are aligned on**  
25 **the merits associated with a new wholesale rate being implemented in a timely**  
26 **manner.**  
27  
28 To allow for an implementation date of January 1, 2025, Hydro would target a filing  
29 date of its application to revise the wholesale rate in August 2024, but no later than  
30 September 2024. Newfoundland Power would file a subsequent application to flow  
31 through the revision in the wholesale rate to its customers. A Board order approving  
32 Newfoundland Power’s application would be required by mid-November to ensure  
33 any customer rate revisions or compliance matters could be dealt with in a timely  
34 manner ahead of January 1, 2025.  
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36 The Company anticipates that the regulatory approval process would take  
37 approximately three months. This expectation is based on the process associated with  
38 the annual July 1<sup>st</sup> rate adjustments, which typically takes two to three months to  
39 process both utility applications and implement customer rates.<sup>1</sup> Certain July 1<sup>st</sup> rate  
40 adjustments have considered the flow-through of a revised wholesale rate, including  
41 in 2015, 2017 and 2019, all of which were completed within a two- to three-month  
42 timeline.  
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44 **b) The structure of the wholesale rate has not changed materially since January 1, 2005.**  
45 **At that time, Hydro revised the wholesale rate from a single energy charge to a**

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<sup>1</sup> Historically, Hydro has provided information to begin the July 1<sup>st</sup> rate adjustment by mid-April.

1 two-block energy charge plus a billing demand charge. The Board approved the  
2 revised wholesale rate, with effect on January 1, 2005, in Order No P.U. 44 (2004).  
3 As such, the flow-through applications for 2015, 2017 and 2019 referenced in part a)  
4 of the response to Request for Information PUB-NP-004 did not involve a change in  
5 the wholesale rate structure.

6  
7 While any revision to the current wholesale rate is expected to reflect material  
8 changes in marginal energy costs, the wholesale rate structure (of a two-block energy  
9 charge plus a billing demand charge) is not expected to change.<sup>2</sup> Accordingly, any  
10 application filed by Newfoundland Power in 2024 to flow-through a new wholesale  
11 rate to its customers is not anticipated to include a change in the wholesale rate  
12 structure.<sup>3</sup>

- 13  
14 c) Yes, a flow-through application would be required in any scenario upon  
15 implementation of a new wholesale rate.  
16  
17 d) The implementation of a new wholesale rate ahead of Hydro's next GRA would be  
18 required to be based on its latest approved test year, which is 2019.  
19

20 Hydro currently expects to file its next GRA in 2025, contingent on the finalization of  
21 the details of the Government's rate mitigation plan.<sup>4</sup> If a new wholesale rate is  
22 implemented ahead of that filing, Hydro's updated test year costs filed in its GRA  
23 would be reflected through a revision to the wholesale rate as a part of that process.  
24

25 As provided in part b) of the response to Request for Information PUB-NP-004, if the  
26 implementation of a new wholesale rate was delayed until Hydro's next GRA, it  
27 could be 2027 before a final wholesale rate is approved and implemented.

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<sup>2</sup> See Hydro's *Wholesale and Island Industrial Rate Design Review Update Report, 4.2 Proposed Rate Design Framework*, dated September 30, 2019.

<sup>3</sup> It is possible that block sizes will be adjusted given the shift in cost recovery between the first and second block. Block sizes were also adjusted when the current wholesale rate came into effect on October 1, 2019.

<sup>4</sup> See Hydro's December 15, 2023 letter *Re: Quarterly Update – Items Impacting the Delay of Hydro's Next General Rate Application*.