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DELIVERED BY HAND

June 17, 2016

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies & Gentlemen:

Re: Approval of Compliance with Order No. P.U. 18 (2016) and Customer Rates, Rules and Regulations, effective July 1st, 2016

A. Application Overview:

The Application

In Order No. P.U. 18 (2016) (the “General Rate Order”), the Board of Commissioners of Public Utilities (the “Board”) made a number of determinations on proposals contained in, and matters arising from, Newfoundland Power’s 2016-2017 General Rate Application (the “GRA”).

Enclosed please find the original and 11 copies of an application made in compliance with the directions of the Board contained in the General Rate Order and to implement annual Rate Stabilization and Municipal Tax Adjustments (the “Application”).

The Application proposes customer rates and rules and regulations governing service which will be effective July 1st, 2016.

Summary of Customer Rate Impacts

The General Rate Order requires the customer rates to be implemented on July 1st, 2016 to include: (i) the rate change resulting from the Board’s determinations with respect to the GRA proposals and (ii) the Rate Stabilization Adjustment and the Municipal Tax Adjustment Factor, updated for 2016 (collectively, the “Rate Stabilization Adjustment”).

Newfoundland Power Inc.

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The customer rates proposed in the Application reflect the net effect of (i) an average overall increase, relative to current customer rates, resulting from the Board's determinations in the General Rate Order and (ii) an average decrease to current customer rates resulting from the Rate Stabilization Adjustment for 2016.

The General Rate Order results in an average increase to existing customer rates of 1.2%. An average decrease to existing customer rates of 9.1% results from the Rate Stabilization Adjustment. The net effect is an overall average decrease of 7.9% in customer rates effective July 1st, 2016. Due to approved changes in rate design, the average decrease for the Domestic class is 7.1%.

B. Evidence in Support of the Application:

General

The evidence in support of the Application is contained in 2 schedules to the Application. A brief description of each of the schedules follows.

Schedule 1: 2016-2017 GRA Compliance Report

A report titled *2016-2017 GRA Compliance Report* is Schedule 1 to the Application (the "Compliance Report"). The Compliance Report contains detailed information on the implementation of Newfoundland Power's proposals in the GRA in a manner consistent with the General Rate Order.

The Compliance Report provides revised calculations of forecast average rate base and rate of return on rate base which primarily reflects the determinations in the General Rate Order with respect to Newfoundland Power's cost of capital. The Compliance Report also shows revised revenue requirements for the 2016 and 2017 test years based on the General Rate Order.

The Compliance Report shows *base rates* that are based on Newfoundland Power's rate design and rate structure proposals in the GRA, and which are designed to recover the revised revenue requirement based on the General Rate Order.¹ The Compliance Report also calculates a set of *compliance rates*.² The calculation of compliance rates shows continuity with current customer rates for the purposes of demonstrating compliance with, and impact of, the General Rate Order. The compliance rates are not the rates proposed to be implemented on July 1st, 2016.

¹ "Base rates" are rates that exclude the Rate Stabilization Adjustment.

² "Compliance rates" include the Rate Stabilization Adjustment in effect as of January 1st, 2016. Use of the Rate Stabilization Adjustment in effect as of January 1st, 2016 is consistent with the original and amended evidence filed in support of the GRA.

Schedule 2: Proposed Customer Rates, Rules and Regulations

A report titled *Proposed Customer Rates, Rules and Regulations to be effective July 1st, 2016*, is Schedule 2 to the Application (the "Customer Rates Report"). The Customer Rates Report shows (i) the customer rates and (ii) the rules and regulations governing service consistent with the General Rate Order, all as proposed to take effect on July 1st, 2016.

The proposed customer rates shown in the Customer Rates Report are derived from the base rates presented in the Compliance Report. The customer rates reflect a combination of (i) base rates resulting from the General Rate Order and (ii) the July 1st, 2016 Rate Stabilization Adjustment.

Appendices E and G, respectively, to the Customer Rates Report provide the proposed customer rates and rules and regulations governing service which are proposed to be effective July 1st, 2016.

C. Concluding:

We trust that the foregoing and enclosed are found to be in order. A draft order in respect of the Compliance Application is also enclosed for the Board's convenience.

A copy of this letter, together with a copy of the enclosures, has been forwarded directly to Geoffrey Young of Newfoundland and Labrador Hydro and Thomas Johnson, QC, Consumer Advocate.

If you have any questions regarding the enclosed, please contact the Company at your convenience.

Yours very truly,



Peter Alteen, QC
Vice President,
Regulation & Planning

Enclosures

c. Geoffrey Young (1 copy)
Newfoundland and Labrador Hydro

Thomas Johnson, QC (3 copies)
Consumer Advocate

Newfoundland Power Inc.

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IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application (the “Application”) by Newfoundland Power for approval of:

- (i) return on rate base for 2016 and 2017, and
- (ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1st, 2016.

TO: The Board of Commissioners of Public Utilities (the “Board”)

THE APPLICATION OF Newfoundland Power **SAYS THAT:**

A. The General Rate Order:

1. Newfoundland Power is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The Act provides that the Board has the general supervision of public utilities and requires that a public utility, in effect, submit for the approval of the Board the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. On October 16th, 2015, Newfoundland Power filed a General Rate Application together with evidence in support thereof to establish customer electricity rates for 2016 and 2017 (the “2016/2017 GRA”).
4. On June 8th, 2016, the Board issued Order No. P.U. 18 (2016) setting out its determinations in respect of the proposals in the 2016/2017 GRA (the “General Rate Order”).
5. In the General Rate Order, the Board ordered, among other things, that Newfoundland Power:
 - (a) calculate and file a revised forecast average rate base and return on rate base for 2016 and 2017;
 - (b) calculate and file revised forecast total revenue requirements for the 2016 and 2017 test years; and

- (c) file for the approval of the Board revised rates, tolls and charges effective for service provided on and after July 1st, 2016,

based on the proposals in the 2016/2017 GRA, incorporating the determinations of the Board in the General Rate Order and the annual Rate Stabilization and Municipal Tax adjustments.

6. Schedule 1 to the Application is a report titled *2016/2017 GRA Compliance Report* (the “Compliance Report”). The Compliance Report provides evidence concerning the Board’s determination in the General Rate Order relating to Newfoundland Power’s 2016 and 2017 test years, including:
 - (a) revisions to forecast average rate base for 2016 and 2017;
 - (b) revisions to rate of return on rate base for 2016 and 2017;
 - (c) revisions to 2016 and 2017 energy sales and purchases forecasts; and
 - (d) revisions to 2016 and 2017 revenue requirements.

B. Annual Rate Stabilization and Municipal Tax Adjustments:

7. Newfoundland and Labrador Hydro (“Hydro”) maintains a Retail Rate Stabilization Plan (“RSP”) to smooth rate impacts for certain variations between actual results and Hydro’s test year cost of service estimates for hydraulic production, fuel costs, customer load and rural rates. The operational guidelines of the RSP are set out in Schedule A to Order No. P.U. 40 (2003).
8. By Order No. P.U. 34 (1985), the Board approved the establishment of a Rate Stabilization Account (“RSA”) by Newfoundland Power. The Rate Stabilization Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the balance in the RSA and the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
9. The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect (i) the accumulated balance in the RSA as of March 31st of the current year and (ii) any change in the mill rate charged to Newfoundland Power by Hydro as a result of the operation of the RSP.
10. By Order No. P.U. 17 (1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but collected through a Municipal Tax Adjustment (“MTA”) factor included in the rates of Newfoundland Power. The Municipal Tax Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the recalculation of the MTA factor on July 1st of each year.

C. Proposed Customer Rates and Rules and Regulations

11. Schedule 2 to the Application is a report titled *Proposed Customer Rates, Rules and Regulations to be effective July 1st, 2016* (the “Customer Rates Report”). The Customer Rates Report provides evidence relating to proposed customer rates, rules and regulations to be effective on July 1st, 2016, including:
- (a) the calculation of the Rate Stabilization Adjustment of (1.110) ¢/kWh proposed to be used by Newfoundland Power in billing customers for the period July 1st, 2016 to June 30th, 2017;
 - (b) the calculation of the MTA factor of 1.02526 proposed to be used by Newfoundland Power in billing customers for the period July 1st, 2016 to June 30th, 2017;
 - (c) customer rates to be effective on July 1st, 2016 which reflect the General Rate Order and orders relating to annual Rate Stabilization and Municipal Tax Adjustments; and
 - (d) the *Rules and Regulations* to be effective July 1st, 2016 based on the General Rate Order.

D. Order Requested:

12. Further to the matters described in paragraphs 5 through 11 hereof, Newfoundland Power requests that the Board make an Order, pursuant to Sections 70, 71 and 80 of the Act, approving:
- (a) a forecast average rate base for 2016 of \$1,060,334,000 and a forecast average rate base for 2017 of \$1,104,702,000;
 - (b) a rate of return on average rate base for 2016 of 7.21% in a range of 7.03% to 7.39% and a rate of return on average rate base for 2017 of 7.19% in a range of 7.01% to 7.37%;
 - (c) the Rate Stabilization Adjustment of (1.110) ¢/kWh and the MTA factor of 1.02526, to be applied to all bills based on electrical consumption on and after July 1st, 2016;
 - (d) rates, tolls and charges as set out in Appendix E to Schedule 2 of the Application; and
 - (e) the Rules and Regulations as set out in Appendix G to Schedule 2 of the Application.


E. Process Matters:

13. Approval by the Board of the proposals in the Application will permit cost recovery through customer rates as provided for, and intended by, the Act, the *Electrical Power Control Act, 1994* and the Orders of the Board set out in the Application.
14. The Application is consistent with (i) the General Rate Order and (ii) compliance by Newfoundland Power with the other Orders of the Board concerning annual Rate Stabilization and Municipal Tax Adjustments to customer rates. Accordingly, Newfoundland Power submits that public notice and hearing into the Application is unnecessary and not in the public interest.

F. Communications:

15. Communication with respect to this Compliance Application should be forwarded to the attention of Peter Alteen, Q.C. and Gerard M. Hayes, Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland, this 17th day of June, 2016.

NEWFOUNDLAND POWER INC.

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IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the "Act"); and

IN THE MATTER OF an application (the "Application") by Newfoundland Power for approval of:

- (i) return on rate base for 2016 and 2017, and
- (ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1st, 2016.

AFFIDAVIT

I, Lorne Henderson, of St. John's in the Province of Newfoundland and Labrador, Professional Engineer, make oath and say as follows:

1. That I am Director, Revenue and Supply, of Newfoundland Power.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in the Compliance Application are true.

SWORN at St. John's

in the Province of Newfoundland and Labrador

this 17th day of June, 2016 before me:



A handwritten signature in blue ink, appearing to be 'D. J. [unclear]', written over a horizontal line.

Barrister



A handwritten signature in blue ink, appearing to be 'Lorne Henderson', written over a horizontal line.

Lorne Henderson

IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application (the “Application”) by Newfoundland Power for approval of:

- (i) return on rate base for 2016 and 2017, and
- (ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1st, 2016.

2016/2017 GRA Compliance Report

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1.0 Purpose

In Order No. P.U. 18 (2016) (the “General Rate Order”), the Board of Commissioners of Public Utilities (the “Board”) made a number of determinations on proposals contained in, and matters arising from, Newfoundland Power’s 2016-2017 General Rate Application (the “GRA”).

The purpose of this report is to provide detailed support for Newfoundland Power’s application for approval of various matters arising out of the GRA, including customer electricity rates, in accordance with the requirements of the General Rate Order (the “Application”).

2.0 Rate Base and Return on Rate Base

2.1 General

The General Rate Order requires that Newfoundland Power file an application for approval of a revised calculation of the forecast average rate base and rate of return on rate base for the 2016 and 2017 test years reflecting the determinations of the Board. The General Rate Order maintained the allowed range of return on rate base of 36 basis points (0.36%).

2.2 Rate Base

Appendix A, line 29, to this report shows Newfoundland Power’s revised 2016 forecast average rate base of \$1,060,334,000 and revised 2017 forecast average rate base of \$1,104,702,000. The revised 2016 and 2017 forecast average rate base are based on the proposals in the GRA, and the Board’s determinations in the General Rate Order.¹ This includes a revised calculation of the cash working capital allowance to reflect a Harmonized Sales Tax (“HST”) rate of 15%.²

2.3 Return on Rate Base

Appendix B to this report shows the calculation of (i) the rate of return on rate base of 7.21% for 2016 and 7.19% for 2017 (line 23) and (ii) the return on rate base for 2016 and 2017 (line 29). Appendix B reflects the Board’s determinations on capital structure and return on regulated common equity to be used in determining the return on rate base, as set out in item 1, page 49 of the General Rate Order.³

¹ Appendix A is in a format consistent with Exhibit 6 filed in support of the GRA.

² The cash working capital allowance proposed in the GRA reflected a HST rate of 13%. On page 9, lines 26 to 39 of the General Rate Order, the Board noted that it expected Newfoundland Power to address the Government of Newfoundland and Labrador’s intention to increase the HST rate from 13% to 15% as of July 1st, 2016. The change in the HST rate also impacts the forecast elasticity effects on 2016 and 2017 energy sales. See **3.2 Revised Elasticity Effects**.

³ Appendix B is in a format consistent with Exhibit 8 filed in support of the GRA.

3.0 Revenue Requirements

3.1 General

The customer rates proposed in the GRA were designed to recover Newfoundland Power's proposed 2016 and 2017 revenue requirements. The Board's determinations in the General Rate Order affected the revenue requirements. Accordingly, the General Rate Order required that Newfoundland Power calculate and file a revised forecast revenue requirement for the 2016 and 2017 test years that incorporates the Board's determinations. In addition to the Board's determinations on cost of capital, the calculation of the revised 2016 and 2017 test year revenue requirements includes four adjustments required by the General Rate Order.

The first is a revision of the forecast elasticity impacts on 2016 and 2017 energy sales reflecting (i) the lower rate increase and (ii) the increase in the HST rate from 13% to 15%. The second is an amortization of a revenue surplus in 2016 rather than a revenue shortfall as proposed in the GRA. The remaining two adjustments revise 2016 and 2017 operating costs. These adjustments are a result of the Board's determinations with respect to (i) hearing costs and (ii) short-term incentive ("STI") plan amounts to be included in the 2016 and 2017 revenue requirements.

3.2 Revised Elasticity Effects

Appendix C to this report provides the 2016 and 2017 energy forecasts adjusted to reflect the forecast elasticity impacts of the rate increase based on the General Rate Order. The revised forecast elasticity impacts have been calculated by interpolation based upon the elasticity effects of (i) the difference between the rate changes proposed in the GRA and the rate changes proposed in the Application and (ii) the change in the HST rate from 13% to 15%.⁴

The 2016 and 2017 revised sales forecasts are lower than the forecasts presented in the GRA by 1.7 GWh and 5.6 GWh, respectively. The decrease in forecast energy sales and the resulting decrease in forecast purchases are reflected in the revenue requirement calculation through a decrease in revenue from rates and a decrease in purchased power expense for 2016 and 2017.

3.3 2016 Revenue Surplus

The implementation of the rates proposed in the GRA would have resulted in an estimated revenue shortfall in 2016 of \$1,410,000. Customer rates specifically designed to recover the revised 2017 revenue requirement, based on the Board's determinations in the General Rate Order and implemented on July 1st, 2016, will result in a \$2,580,000 surplus in the recovery of the revenue requirements for 2016 (the "2016 Revenue Surplus").

The General Rate Order approved recovery of any 2016 revenue shortfall through a 30-month regulatory amortization reflected in the 2016 and 2017 revenue requirements from the

⁴ This method of estimating the revised elasticity effect is consistent with that used in the compliance application filed subsequent to the 2013/2014 GRA. The impact of the changes in 2016 and 2017 forecast energy sales on 2016 and 2017 forecast energy purchases was determined by applying losses to the revised sales forecast.

July 1st, 2016 rate implementation date.⁵ Newfoundland Power is proposing to amortize the \$2,580,000 surplus into rates over a 30-month period commencing July 1st, 2016. Such an approach is conceptually consistent with the Board's treatment of the 2016 shortfall in the General Rate Order.

The revised amortization schedule shown in Appendix D to this report reflects credit of the 2016 Revenue Surplus of \$2,580,000 over the period July 1st, 2016 through December 31st, 2018.

3.4 2016 and 2017 Operating Costs

2016/2017 Hearing Costs

The General Rate Order approved that hearing costs of up to \$1.0 million related to the Application be recovered in customer rates over the period July 1st, 2016 through December 31st, 2018.⁶ The amount to be recovered is \$0.2 million lower than the \$1.2 million proposed in the GRA.⁷

The General Rate Order also approved actual hearing costs over \$1.0 million to be recovered through the RSA.

STI Costs

In the General Rate Order, the Board ordered a reduction of 50% in the STI amounts to be included in revenue requirement related to earnings and regulatory performance.⁸

The amount of STI in the revised 2016 and 2017 forecast revenue requirements attributed to Newfoundland Power achieving the financial earnings and regulatory performance corporate targets is \$84,000 and \$85,500, respectively.⁹

3.5 2016 and 2017 Revenue Requirements

Appendix E shows the detailed calculation of the revised revenue requirements for 2016 and 2017 based on the Board's determinations set out in the General Rate Order.¹⁰

4.0 Customer Rates

4.1 Compliance Rates

To show continuity with current customer rates, Appendix F to this report calculates customer rates that reflect the current Rate Stabilization Adjustment and MTA Factor ("Compliance Rates"). The Compliance Rates are presented for the purposes of showing compliance with, and

⁵ Order No. P.U. 18 (2016), page 50, lines 1-3.

⁶ Order No. P.U. 18 (2016), page 49, lines 42-44.

⁷ See Company Evidence, *Section 4.4.2 2016/2017 Hearing Costs*.

⁸ Order No. P.U. 18 (2016), page 49, lines 28-32.

⁹ Undertaking 6 details the amount of STI in the proposed 2016 and 2017 revenue requirements attributed to Newfoundland Power achieving the financial earnings and regulatory performance corporate targets. The revised 2016 and 2017 revenue requirements are 50% of the amounts provided in Undertaking 6.

¹⁰ Appendix E is in a format consistent with Exhibit 7 filed in support of the GRA.

impacts of, the General Rate Order. The Compliance Rates are not proposed for implementation.¹¹

The Compliance Rates were computed by applying the current Rate Stabilization Adjustment and MTA Factor to base rates that are based on the rate design and rate structure proposals agreed in the Settlement Agreement and approved in the General Rate Order.¹² These base rates, when applied to the revised forecast test year energy sales presented in this report, recover the 2016 and 2017 test year revenue requirements as revised by the General Rate Order.¹³

If implemented July 1st, 2016, the Compliance Rates would result in the following customer rate impacts:

- (i) an average overall increase in electricity rates of 1.2% for consumption on and after July 1st, 2016; and
- (ii) rates, tolls and charges for service provided on and after July 1st, 2016, which result in average changes in current customer rates by class as follows:

<i>Existing Rate Class</i>	<i>Average Change</i>
Domestic	1.8%
General Service 0-100 kW (110 kVA)	1.2%
General Service 110-1000 kVA	-1.3%
General Service 1000 kVA and Over	1.2%
Street and Area Lighting	1.2%

Appendix G to this report shows the computation of average customer billing impacts by rate class using the Compliance Rates. The revised customer billing impacts by rate class are in accordance with the rate design and rate structure proposals presented in the GRA, which were agreed in the Settlement Agreement and approved in the General Rate Order.¹⁴

¹¹ The rates proposed for implementation effective July 1st, 2016 are addressed in *Proposed Customer Rates, Rules and Regulations to be effective July 1st, 2016* which is Schedule 2 to the Application.

¹² Customer Rates currently reflect a Rate Stabilization Adjustment of (0.105) ¢ per kWh and an MTA Factor of 1.02487. Use of the Rate Stabilization Adjustment and MTA Factor in effect as of January 1st, 2016 is consistent with the original and amended evidence filed in support of the GRA.

¹³ Base rates exclude the Rate Stabilization Adjustment and MTA Factor, as these adjustments are not revenue or expense items.

¹⁴ Appendix G is in a format consistent with Exhibit 10 filed in support of the GRA.

4.2 *Proposed Customer Rates, Rules and Regulations*

Schedule 2 to the Application is a report titled *Proposed Customer Rates, Rules and Regulations to be effective July 1st, 2016* (the “Customer Rates Report”).

The Customer Rates Report explains the calculation of proposed customer rates and shows the rules and regulations governing service which are proposed to be effective July 1st, 2016.

Newfoundland Power Inc.

2016 and 2017 Forecast Average Rate Base¹
(\$000s)

	<u>2016P²</u>	<u>Adjustment</u>	<u>2016R³</u>	<u>2017P²</u>	<u>Adjustment</u>	<u>2017R³</u>
1 Plant Investment	987,068	-	987,068	1,041,415	-	1,041,415
2						
3 Additions to Rate Base						
4 Defined Benefit Pension Costs	96,802	-	96,802	94,045	-	94,045
5 Credit Facility Costs	28	-	28	-	-	-
6 Cost Recovery Deferral - Seasonal/TOD Rates	25	-	25	-	-	-
7 Cost Recovery Deferral - Hearing Costs	400	-	400	600	-	600
8 Cost Recovery Deferral - 2016 Revenue Shortfall	400	(400) ⁴	-	601	(601) ⁴	-
9 Cost Recovery Deferral - Conservation	8,893	-	8,893	11,991	-	11,991
10 Customer Finance Programs	1,174	-	1,174	1,136	-	1,136
11	107,722	(400)	107,322	108,373	(601)	107,772
12						
13 Deductions from Rate Base						
14 Cost Over Recovery - 2016 Revenue Surplus	-	733 ⁴	733	-	1,099 ⁴	1,099
15 Weather Normalization Reserve	(2,205)	-	(2,205)	-	-	-
16 Other Post Employee Benefits	42,519	-	42,519	48,719	-	48,719
17 Customer Security Deposits	993	-	993	700	-	700
18 Accrued Pension Obligation	5,111	-	5,111	5,428	-	5,428
19 Accumulated Deferred Income Taxes	1,794	-	1,794	3,728	-	3,728
20 Excess Earnings	25	-	25	-	-	-
21	48,237	733	48,970	58,575	1,099	59,674
22						
23 Average Rate Base Before Allowances	1,046,553	(1,133)	1,045,420	1,091,213	(1,700)	1,089,513
24						
25 Cash Working Capital Allowance	8,304	125 ⁵	8,429	8,323	78 ⁵	8,401
26						
27 Materials and Supplies Allowance	6,485	-	6,485	6,788	-	6,788
28						
29 Average Rate Base At Year End	1,061,342	(1,008)	1,060,334	1,106,324	(1,622)	1,104,702

¹ All amounts shown are averages.

² As filed in the GRA.

³ Pursuant to Order No. P.U. 18 (2016).

⁴ Based on the Board's determinations in the General Rate Order and customer rates implemented on July 1, 2016, there is a revenue surplus in 2016 rather than a revenue shortfall as proposed in the GRA. See Appendix D for details.

⁵ The increase in the cash working capital allowance is due to a revised calculation to reflect a HST rate of 15%. The cash working capital allowance proposed in GRA reflected a HST rate of 13%. The increase is partially offset by a decrease to the allowance for a reduction in income taxes to reflect a lower return on equity.

Newfoundland Power Inc.

2016 Return on Rate Base
(\$000s)

	<u>2016P¹</u>	<u>Changes</u>	<u>2016R²</u>
1			
2 Average Capitalization			
3 Debt	575,797	(659) ³	575,138
4 Preference Shares	8,939	-	8,939
5 Common Equity	<u>476,552</u>	<u>(579) ⁴</u>	<u>475,973</u>
6	<u>1,061,288</u>	<u>(1,238)</u>	<u>1,060,050</u>
7			
8 Average Capital Structure			
9 Debt	54.26%	0.00%	54.26%
10 Preference Shares	0.84%	0.00%	0.84%
11 Common Equity	<u>44.90%</u>	<u>0.00%</u>	<u>44.90%</u>
12	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
13			
14 Cost of Capital			
15 Debt	6.15%	0.01% ³	6.16%
16 Preference Shares	6.18%	0.00%	6.18%
17 Common Equity	9.50%	-1.00% ⁴	8.50%
18			
19 Rate of Return on Rate Base			
20 Debt	3.34%	0.00%	3.34%
21 Preference Shares	0.05%	0.00%	0.05%
22 Common Equity	<u>4.27%</u>	<u>-0.45%</u>	<u>3.82%</u>
23	<u>7.66%</u>	<u>-0.45%</u>	<u>7.21%</u>
24			
25 Return on Rate Base			
26 Return on Debt	35,424	(2) ³	35,422
27 Return on Preference Shares	552	-	552
28 Return on Common Equity	<u>45,271</u>	<u>(4,813) ⁴</u>	<u>40,458</u>
29	<u>81,247</u>	<u>(4,815)</u>	<u>76,432</u>

¹ As filed in the GRA.

² Pursuant to Order No. P.U. 18 (2016).

³ Decrease in debt and associated borrowing costs reflects a lower forecast average rate base partially offset by a forecast reduction in revenues.

⁴ Decrease in forecast common equity and return on common equity reflects a lower forecast average rate base and a lower return on common equity.

Newfoundland Power Inc.

2017 Return on Rate Base
(\$000s)

	<u>2017P¹</u>	<u>Changes</u>	<u>2017R²</u>
1			
2 Average Capitalization			
3 Debt	601,066	(1,377) ³	599,689
4 Preference Shares	8,939	-	8,939
5 Common Equity	496,188	(1,031) ⁴	495,157
6	<u>1,106,193</u>	<u>(2,408)</u>	<u>1,103,785</u>
7			
8 Average Capital Structure			
9 Debt	54.33%	0.00%	54.33%
10 Preference Shares	0.81%	0.00%	0.81%
11 Common Equity	44.86%	0.00%	44.86%
12	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
13			
14 Cost of Capital			
15 Debt	6.13%	0.01% ³	6.14%
16 Preference Shares	6.18%	0.00%	6.18%
17 Common Equity	9.50%	-1.00% ⁴	8.50%
18			
19 Rate of Return on Rate Base			
20 Debt	3.33%	0.00%	3.33%
21 Preference Shares	0.05%	0.00%	0.05%
22 Common Equity	4.26%	-0.45%	3.81%
23	<u>7.64%</u>	<u>-0.45%</u>	<u>7.19%</u>
24			
25 Return on Rate Base			
26 Return on Debt	36,850	(48) ³	36,802
27 Return on Preference Shares	552	-	552
28 Return on Common Equity	47,137	(5,051) ⁴	42,086
29	<u>84,539</u>	<u>(5,099)</u>	<u>79,440</u>

¹ As filed in the GRA.

² Pursuant to Order No. P.U. 18 (2016).

³ Decrease in debt and associated borrowing costs reflects a lower forecast average rate base partially offset by a forecast reduction in revenues.

⁴ Decrease in forecast common equity and return on common equity reflects a lower forecast average rate base and a lower return on common equity.

Newfoundland Power Inc.

Elasticity Impacts on Energy Forecast
2016 Test Year
(GWh)

	Existing¹ Forecast	Proposed² Forecast	Elasticity³ Adjustment	Proposed⁴ Rate Change	Revised⁵ Price Change	Revised⁶ Elasticity Adjustment	Revised⁷ Forecast	Change⁸
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1								
2								
3 Domestic								
4 1.1 Regular	3,667.6	3,660.8	(6.8)	3.1%	3.8%	(8.3)	3,659.3	(1.5)
5 1.1 Seasonal	17.3	17.3	0.0	3.1%	3.8%	0.0	17.3	0.0
6 Total Domestic	3,684.9	3,678.1	(6.8)	3.1%	3.8%	(8.3)	3,676.6	(1.5)
7								
8 General Service								
9 2.1 0-100 kW (110 kVA)	805.9	805.2	(0.7)	2.5%	3.2%	(0.9)	805.0	(0.2)
10 2.3 110-1000 kVA	1,019.3	1,019.3	0.0	0.0%	0.7%	0.0	1,019.3	0.0
11 2.4 Over 1000 kVA	457.1	457.1	0.0	2.5%	3.2%	0.0	457.1	0.0
12								
13 Total General Service	2,282.3	2,281.6	(0.7)			(0.9)	2,281.4	(0.2)
14								
15 4.1 Street and Area Lighting	32.5	32.5	0.0	2.5%	3.2%	0.0	32.5	0.0
16								
17 Total Energy Sales	5,999.7	5,992.2	(7.5)			(9.2)	5,990.5	(1.7)
18								
19 Company Use	12.0	12.0	0.0			0.0	12.0	0.0
20								
21 Losses ⁹	343.1	342.7	(0.4)			(0.5)	342.6	(0.1)
22								
23 Produced & Purchased	6,354.8	6,346.9	(7.9)			(9.7)	6,345.1	(1.8)
24								
25 Production	427.1	427.1	0.0			0.0	427.1	0.0
26								
27 Energy Purchases	5,927.7	5,919.8	(7.9)			(9.7)	5,918.0	(1.8)
28								
29 Billing Demand (kW) ¹⁰	1,274.51	1,274.51	0.00			0.00	1,274.51	0.00

¹ Column A is taken from Appendix B and C of the Customer, Energy and Demand Forecast (1st Revision), Volume 2, Exhibits and Supporting Materials, Tab 4. The existing forecast assumes no change in rates resulting from the GRA.

² Column B is taken from Appendix B and C of the Customer, Energy and Demand Forecast (1st Revision), Volume 2, Exhibits and Supporting Materials, Tab 4. The proposed forecast assumes a 2.5% increase in rates resulting from the GRA effective July 1st, 2016.

³ Column C is the forecast elasticity impact of the proposed rate increase of 2.5% reflecting existing July 1st, 2015 RSA and MTA (Column B - Column A).

⁴ As per Exhibit 10 (1st Revision), Volume 2, Exhibits & Supporting Materials, Column F.

⁵ As per Appendix G, Column F, of the Compliance Application plus the 2% increase in the HST rate on July 1st, 2016.

⁶ Column F is the forecast elasticity impact of the revised rate rate change (Column E divided by Column D times Column C).

⁷ Column G is the forecast under revised rates including revised elasticity impacts (Column A + Column F).

⁸ Column H is the difference between forecasts under revised rates and those under proposed rates (Column G - Column B).

⁹ The revised forecast losses due to elasticity assume the same loss percentage for existing and proposed (proposed losses divided by total energy sales including company use).

¹⁰ The forecast Billing Demand for 2016 reflects the purchased demand from Newfoundland and Labrador Hydro for the winter period of December 2015 to March 2016. There was no change in 2016 billing demand as the rate increase will not impact 2015 energy purchases. See Section 6.2.2 Forecast (1st Revision) Volume 1, Table 6-4 on page 6-4 for purchased demand.

Newfoundland Power Inc.

Elasticity Impacts on Energy Forecast
2017 Test Year
(GWh)

	Existing¹ Forecast	Proposed² Forecast	Elasticity³ Adjustment	Proposed⁴ Rate Change	Revised⁵ Price Change	Revised⁶ Elasticity Adjustment	Revised⁷ Forecast	Change⁸
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1								
2								
3 Domestic								
4 1.1 Regular	3,698.3	3,676.0	(22.3)	3.1%	3.8%	(27.3)	3,671.0	(5.0)
5 1.1 Seasonal	17.8	17.8	0.0	3.1%	3.8%	0.0	17.8	0.0
6 Total Domestic	3,716.1	3,693.8	(22.3)	3.1%	3.8%	(27.3)	3,688.8	(5.0)
7								
8 General Service								
9 2.1 0-100 kW (110 kVA)	812.4	810.2	(2.2)	2.5%	3.2%	(2.8)	809.6	(0.6)
10 2.3 110-1000 kVA	1,027.9	1,027.9	0.0	0.0%	0.7%	0.0	1,027.9	0.0
11 2.4 Over 1000 kVA	433.1	433.1	0.0	2.5%	3.2%	0.0	433.1	0.0
12								
13 Total General Service	2,273.4	2,271.2	(2.2)			(2.8)	2,270.6	(0.6)
14								
15 4.1 Street and Area Lighting	32.8	32.8	0.0	2.5%	3.2%	0.0	32.8	0.0
16								
17 Total Energy Sales	6,022.3	5,997.8	(24.5)			(30.1)	5,992.2	(5.6)
18								
19 Company Use	12.0	12.0	0.0			0.0	12.0	0.0
20								
21 Losses ⁹	344.4	343.0	(1.4)			(1.7)	342.7	(0.3)
22								
23 Produced & Purchased	6,378.7	6,352.8	(25.9)			(31.8)	6,346.9	(5.9)
24								
25 Production	438.0	438.0	0.0			0.0	438.0	0.0
26								
27 Energy Purchases	5,940.7	5,914.8	(25.9)			(31.8)	5,908.9	(5.9)
28								
29 Billing Demand (kW) ¹⁰	1,280.76	1,279.01	(1.75)			(2.152)	1,278.61	(0.40)

¹ Column A is taken from Appendix B and C of the Customer, Energy and Demand Forecast (1st Revision), Volume 2, Exhibits and Supporting Materials, Tab 4. The existing forecast assumes no change in rates resulting from the GRA.

² Column B is taken from Appendix B and C of the Customer, Energy and Demand Forecast (1st Revision), Volume 2, Exhibits and Supporting Materials, Tab 4. The proposed forecast assumes a 2.5% increase in rates resulting from the GRA effective July 1st, 2016.

³ Column C is the forecast elasticity impact of the proposed rate increase of 2.5% reflecting existing July 1, 2015 RSA and MTA (Column B - Column A).

⁴ As per Exhibit 10 (1st Revision), Volume 2, Exhibits & Supporting Materials, Column F.

⁵ As per Appendix G, Column F, of the Compliance Application plus the 2% increase in the HST rate on July 1st, 2016.

⁶ Column F is the forecast elasticity impact of the revised rate rate change (Column E divided by Column D times Column C).

⁷ Column G is the forecast under revised rates including revised elasticity impacts (Column A + Column F).

⁸ Column H is the difference between forecasts under revised rates and those under proposed rates (Column G - Column B).

⁹ The revised forecast losses due to elasticity assume the same loss percentage for existing and proposed (proposed losses divided by total energy sales including company use).

¹⁰ The forecast Billing Demand for 2017 reflects the purchased demand from Newfoundland and Labrador Hydro for the winter period of December 2016 to March 2017. The change in 2017 billing demand results from the applying the native peak load factor of 51.32% to the change in 2016 energy purchases (kW = kWh/(51.32% x 8,784 hours)).

Newfoundland Power Inc.

2016 Revenue Surplus

The 2016 Revenue Surplus reflecting the General Rate Order is \$2,580,000. This compares to a revenue shortfall of \$1,410,000 reflected in the Application. The difference is a result of the Board's determinations with respect to cost of capital.

Table 1 provides the proposed amortization schedule for the 2016 Revenue Surplus reflecting the General Rate Order and the revenue requirement impact of the change in the amortization schedule from that reflected in the Application.¹

Table 1
2016 Revenue Surplus
Revenue Requirement Impact
2016 to 2018
(\$000s)

	2016	2017	2018
2016 Proposed Revenue Shortfall ²	(1,128)	564	564
2016 Revised Revenue Surplus ³	<u>2,064</u>	<u>(1,032)</u>	<u>(1,032)</u>
Revenue Requirement Impact	<u>3,192</u>	<u>(1,596)</u>	<u>(1,596)</u>

¹ The General Rate Order provides for credit of the revised 2016 Revenue Surplus through a regulatory amortization reflected in the 2016 and 2017 revenue requirements beginning on the July 1st implementation date and concluding on December 31, 2018. See page 50, lines 1-3 of the General Rate Order.

² Source: See page 4-44 of the Finance Evidence (1st Revision) filed in the GRA.

³ For 2016, the revised revenue requirement impact is $\$2,580,000 - (6 \times \$86,000) = \$2,064,000$. For 2017 and 2018, the impact is $\$86,000 \times 12 = 1,032,000$.

Newfoundland Power Inc.

2016 Revenue Requirements
(\$000s)

	<u>2016P¹</u>	<u>Changes</u>	<u>2016R²</u>
1 Costs			
2 Power Supply Cost	448,896	(172) ³	448,724
3 Operating Costs	58,574	(284) ⁴	58,290
4 Employee Future Benefit Costs	18,564	-	18,564
5 Amortization of Deferred Cost Recoveries	(1,128)	3,192 ⁵	2,064
6 Depreciation	55,528	-	55,528
7 Income Taxes	18,719	(1,967) ⁶	16,752
8	<u>599,153</u>	<u>769</u>	<u>599,922</u>
9			
10 Return on Rate Base	81,247	(4,815) ⁶	76,432
11			
12 2016 Revenue Requirement	680,400	(4,046)	676,354
13			
14 Deductions			
15 Other Revenue	(4,805)	-	(4,805)
16 Interest on Security Deposits	24	-	24
17 2013 Excess Earnings	(68)	-	(68)
18 Energy Supply Cost Variance Adjustments	(4,677)	-	(4,677)
19 Other	(1,714)	-	(1,714)
20	<u>(11,240)</u>	<u>-</u>	<u>(11,240)</u>
21			
22 2016 Revenue Requirement from Rates	669,160	(4,046)	665,114
23			
24 RSA ⁷	(6,292)	1	(6,291)
25			
26 MTA ⁷	16,425	(94)	16,331
28 Total	<u>679,293</u>	<u>(4,139)</u>	<u>675,154</u>

¹ As filed in the GRA.

² Pursuant to Order No. P.U. 18 (2016).

³ Due to a forecast decrease in sales due to elasticity impacts.

⁴ The reduction in operating costs is comprised of (i) \$200,000 due to a lower hearing costs amortization and (ii) \$84,000 due to lower STI costs. See *Section 3.4 2016 and 2017 Operating Costs*.

⁵ Based on the Board's determinations in the General Rate Order and customer rates implemented on July 1, 2016, there is a revenue surplus in 2016 rather than a revenue shortfall as proposed in the GRA. See Appendix D.

⁶ Primarily resulting from a reduction in return on equity.

⁷ Based upon RSA/MTA factors effective July 1, 2015 as approved in Order No. P.U. 18 (2015).

Newfoundland Power Inc.

**2017 Revenue Requirements
(\$000s)**

	2017P¹	Changes	2017R²
1 Costs			
2 Power Supply Cost	448,648	(571) ³	448,077
3 Operating Costs	59,969	(86) ⁴	59,883
4 Employee Future Benefit Costs	15,852	-	15,852
5 Amortization of Deferred Cost Recoveries	564	(1,596) ⁵	(1,032)
6 Depreciation	58,555	-	58,555
7 Income Taxes	19,636	(2,064) ⁶	17,572
8	<u>603,224</u>	<u>(4,317)</u>	<u>598,907</u>
9			
10 Return on Rate Base	84,539	(5,099) ⁶	79,440
11			
12 2017 Revenue Requirement	687,763	(9,416)	678,347
13			
14 Deductions			
15 Other Revenue	(4,832)	-	(4,832)
16 Interest on Security Deposits	24	-	24
17 2013 Excess Earnings	-	-	-
18 Energy Supply Cost Variance Adjustments	-	-	-
19 Other	(2,534)	-	(2,534)
20	<u>(7,342)</u>	<u>-</u>	<u>(7,342)</u>
21			
22 2017 Revenue Requirement from Rates	680,421	(9,416)	671,005
23			
24 RSA ⁷	(6,288)	6	(6,282)
25			
26 MTA ⁷	16,687	(233)	16,454
27			
28 Total	<u>690,820</u>	<u>(9,643)</u>	<u>681,177</u>

¹ As filed in the GRA.

² Pursuant to Order No. P.U. 18 (2016).

³ Forecast decrease in sales due to elasticity impacts.

⁴ The reduction in operating costs is due to lower STI costs. The lower hearing costs have no impact on 2017 revenue requirement as the amortization in 2017 as proposed in the GRA (\$1,200,000 / 3 years = \$400,000) is the same as the revised 2017 amortization (\$1,000,000 / 30 months x 12 months = \$400,000) approved by the Board. See *Section 3.4 2016 and 2017 Operating Costs*.

⁵ Based on the Board's determinations in the General Rate Order and customer rates implemented on July 1, 2016, there is a revenue surplus in 2016 rather than a revenue shortfall as proposed in the GRA. See Appendix D

⁶ Primarily resulting from a reduction in return on equity.

⁷ Based upon RSA/MTA factors effective July 1, 2015 as approved in Order No. P.U. 18 (2015).

Newfoundland Power Inc.

Conversion of Base Rates to Compliance Rates¹

Rate Class A	Base Rate B	Calculation C	Compliance Rate D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.60	$\$15.60 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$15.99
Exceeding 200 Amp Service	\$20.48	Compliance Not Exceeding 200 Amp Service B.C.C. plus \$ ²	\$20.99
Energy Charge - All kilowatt hours (¢/kWh)	10.606	$[10.606 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	10.761
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.60	Same as B.C.C.	\$15.99
Exceeding 200 Amp Service	\$20.48	Same as B.C.C.	\$20.99
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.60	Same as Rate 1.1 B.C.C	\$15.99
Exceeding 200 Amp Service	\$20.48	Same as Rate 1.1 B.C.C	\$20.99
Energy Charge (¢/kWh)			
Winter Seasonal	11.559	Same as Rate 1.1 Customer Energy Charge + 0.953	11.714
Non-Winter Seasonal	9.309	Same as Rate 1.1 Customer Energy Charge - 1.297	9.464
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.60	Same as B.C.C	\$15.99
Exceeding 200 Amp Service	\$20.48	Same as B.C.C	\$20.99
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Un-Metered	\$16.72	Compliance B.C.C Single Phase minus \$4	\$17.13
Single Phase	\$20.62	$\$20.62 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$21.13
Three Phase	\$26.47	Compliance B.C.C Single Phase plus \$6	\$27.13
Demand Charge (per kW)			
Winter	\$8.97	Other Demand Charge plus \$2.50	\$9.19
Other	\$6.53	$\$6.53 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$6.69
Energy Charge (¢/kWh)			
First 3,500 kWh	10.512	$[10.512 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	10.664
All Excess kWh	7.806	$[7.806 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	7.891
Maximum Energy Charge (¢/kWh) ²	18.534 + B.C.C.	$18.534 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	18.995 + B.C.C.
Minimum Monthly Charge			
Un-Metered	\$16.72	Same as B.C.C. Un-Metered	\$17.13
Single Phase	\$20.62	Same as B.C.C. Single Phase	\$21.13
Three Phase	\$32.33	Same as B.C.C. Single Phase plus \$12	\$33.13

¹ Compliance Rates calculated based upon RSA and the MTA Factor effective July 1st, 2015.

² RSA rate does not apply to the Maximum Monthly Charge.

Newfoundland Power Inc.
Conversion of Base Rates to Compliance Rates¹

Rate Class A	Base Rate B	Calculation C	Compliance Rate D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	\$48.22	$\$48.22 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$49.42
Demand Charge (per kVA)			
Winter	\$7.58	Other Demand Charge plus \$2.50	\$7.77
Other	\$5.14	$\$5.14 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$5.27
Energy Charge (¢/kWh)			
First 150 kWh/kVA			
of billing demand (max. 50,000 kWh)	8.925	$[8.925 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	9.038
All Excess kWh	7.125	$[7.125 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	7.193
Maximum Energy Charge (¢/kWh) ²	18.534 + B.C.C.	$18.534 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	18.995 + B.C.C.
Minimum Monthly Charge	\$48.22	Same as B.C.C.	\$49.42
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	\$84.03	$\$84.03 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$86.12
Demand Charge (per kVA)			
Winter	\$7.29	Other Demand Charge plus \$2.50	\$7.47
Other	\$4.85	$\$4.85 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	\$4.97
Energy Charge (¢/kWh)			
First 75,000 kWh	8.604	$[8.604 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	8.709
All Excess kWh	7.059	$[7.059 \times (1 - 0.015) - 0.105] \times 1.02487 \times [1 / (1 - 0.015)]$	7.125
Maximum Energy Charge (¢/kWh) ²	18.534 + B.C.C.	$18.534 \times (1 - 0.015) \times 1.02487 \times [1 / (1 - 0.015)]$	18.995 + B.C.C.
Minimum Monthly Charge	\$84.03	Same as B.C.C.	\$86.12

¹ Compliance Rates calculated based upon RSA and the MTA Factor effective July 1st, 2015.

² RSA rate does not apply to the Maximum Monthly Charge.

Newfoundland Power Inc.

Conversion of Base Rates to Compliance Rates¹

Rate Class	Base Rate	Monthly kWh	Calculation	Compliance Rate
A	B	C	D	E
Rate #4.1: Street and Area Lighting Service²				
<i>High Pressure Sodium</i>				
HPS 100 W Sentinel/Standard	\$16.79	38	$[16.79 + (38 \times -0.105 \text{ ¢/kWh})] \times 1.02487$	\$17.17
HPS 100 W Post Top	\$18.12	38	$[18.12 + (38 \times -0.105 \text{ ¢/kWh})] \times 1.02487$	\$18.53
HPS 150 W Sentinel/Standard	\$20.67	60	$[20.67 + (60 \times -0.105 \text{ ¢/kWh})] \times 1.02487$	\$21.12
HPS 250 W Sentinel/Standard	\$28.66	105	$[28.66 + (105 \times -0.105 \text{ ¢/kWh})] \times 1.02487$	\$29.26
HPS 400 W Sentinel/Standard	\$39.27	163	$[39.27 + (163 \times -0.105 \text{ ¢/kWh})] \times 1.02487$	\$40.07
Poles				
Wood	\$6.12		6.12×1.02487	\$6.27
30' Concrete or Metal	\$8.74		8.74×1.02487	\$8.96
45' Concrete or Metal	\$14.31		14.31×1.02487	\$14.67
25' Concrete or Metal, Post Top	\$6.51		6.51×1.02487	\$6.67
Underground Wiring (per run)				
All sizes and types of fixtures	\$14.92		14.92×1.02487	\$15.29

¹ Compliance Rates calculated based upon RSA and the MTA Factor effective July 1st, 2015.

² Early payment discount does not apply to Street and Area Lighting rates.

Newfoundland Power Inc.

Average Billing Impacts - Compliance Rates
(Billing Amounts include RSA and MTA effective July 1st, 2015)
(\$000s)

Category	Existing Rates	Adjustment Due to Price Elasticity	Adjusted Existing Rates	Compliance Rates	Change	GRA Rate Impacts
	(A) ¹	(B) ²	(C) ³	(D) ⁴	(E) ⁵	(F) ⁶
1						
2						
3 1.1 Domestic	427,877	(2,842)	425,035	432,598	7,563	1.8%
4 1.1S Domestic Seasonal	2,141	-	2,141	2,180	39	1.8%
5 Total Domestic	430,018	(2,842)	427,176	434,778	7,602	1.8%
6						
7 2.1 General Service 0-100 kW (110 kVA)	90,681	(223)	90,458	91,536	1,078	1.2%
8 2.3 General Service 110-1000 kVA	100,142	-	100,142	98,834	(1,308)	-1.3%
9 2.4 General Service over 1000 kVA	36,224	-	36,224	36,656	432	1.2%
10 Total General Service	227,047	(223)	226,824	227,026	202	
11						
12 4.1 Street and Area Lighting	16,282	-	16,282	16,476	194	1.2%
13 Forfeited Discounts	2,876	(14)	2,862	2,897	35	1.2%
14						
15 Total	676,223	(3,079)	673,144	681,177	8,033	1.2%

¹ Column A is the forecast revenue plus RSA and MTA under existing rates, based on the 2017 test year sales forecast without elasticity impacts. See Exhibit 10 filed in the GRA, Column A.

² Column B is the revised elasticity impact reflecting (i) a 1.2% average increase in customer rates and (ii) a 2% increase in the HST rate.

³ Column C is the 2017 forecast customer billings under existing rates including revised elasticity impacts (Column A + Column B).

⁴ Column D is the 2017 forecast under GRA Compliance Rates including revised elasticity impacts. Corresponds to Total shown in Appendix E, page 2 of 2, line 28.

⁵ Column E is the difference between forecast under Compliance Rates and existing rates adjusted for elasticity (Column D - Column C).

⁶ Column F is the forecast rate increase as a result of the Newfoundland Power GRA (Column E / Column C).

IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application (the “Application”) by Newfoundland Power for approval of:

- (i) return on rate base for 2016 and 2017, and
- (ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1st, 2016.

Proposed Customer Rates, Rules and Regulations

to be effective July 1st, 2016

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1.0 Overview

1.1 Current Customer Rates

Customer rates are derived by applying the rate stabilization and municipal tax adjustment factors (respectively, the “Rate Stabilization Adjustment” and the “MTA Factor”) to base rates. Base rates are derived from Newfoundland Power’s most recent test year revenue requirement.¹ Final rates are the rates used in billing customers, and include the Rate Stabilization Adjustment and the MTA Factor (“Customer Rates”).

The Rate Stabilization Adjustment is composed of a fuel rider adjustment and a recovery adjustment factor. The fuel rider adjustment recovers the difference between the cost of No. 6 fuel included in base rates and a current forecast cost of No. 6 fuel. The recovery adjustment factor primarily recovers fuel costs owing to customers as determined through the Newfoundland and Labrador Hydro (“Hydro”) Rate Stabilization Plan (“RSP”).

Customer Rates currently reflect an MTA Factor of 1.02487 and a Rate Stabilization Adjustment of (0.105)¢ per kWh. The Rate Stabilization Adjustment is based on a fuel rider adjustment of 0.528¢ per kWh and a recovery adjustment factor of (0.633)¢ per kWh. Current Customer Rates were approved in Order No. P.U. 18 (2015) and became effective July 1st, 2015.

In Order No. P.U. 18 (2016) (the “General Rate Order”), the Board of Commissioners of Public Utilities (the “Board”) approved a change in Customer Rates effective July 1st, 2016. The Board required that the Customer Rates reflect the determinations of the Board in the General Rate Order and incorporate the annual Rate Stabilization Adjustment and MTA Factor change.

Appendix F to the *2016/2017 GRA Compliance Report* contains the proposed base rates which will obtain the 2016 and 2017 test year revenue requirements. The proposed Rate Stabilization Adjustment and MTA Factor provided in Appendices A and B to this report will apply to these new base rates in deriving the Customer Rates to become effective July 1st, 2016.

1.2 Summary of Proposed Rate Changes

The July 1st, 2016 rate change requested in the Compliance Application reflects (i) an overall increase in Customer Rates, relative to current rates, of 1.2% resulting from the Board’s determinations in the General Rate Order and (ii) a decrease of 9.1% in Customer Rates as a result of the annual July 1st update to the Rate Stabilization Adjustment and the MTA Factor.

The cumulative customer impact of these changes is an average decrease in Customer Rates of 7.9% effective July 1st, 2016.

This report sets out the methodology used to derive Customer Rates to be effective July 1st, 2016.

¹ Base rates exclude the Rate Stabilization Adjustment and MTA Factor that are updated annually, as these adjustment items are not revenue or expense items.

2.0 RSA/MTA Rate Change

2.1 Rate Stabilization Adjustment

The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect (i) any change in the energy rate charged to Newfoundland Power by Hydro as a result of the operation of the RSP and (ii) the accumulated balance in the RSA as of March 31st of the current year.

As a result of the operation of the RSP, the RSP adjustment charged by Hydro decreased by 1.053¢ per kWh, from (0.183)¢ per kWh to (1.236)¢ per kWh.² This includes a decrease of 0.498¢ per kWh due to the balance in Hydro's RSP as of March 31st and a decrease of 0.555¢ per kWh due to the change in the fuel rider.

The 1.053¢ per kWh decrease in the Hydro RSP adjustment translates to a 1.005¢ per kWh decrease in the Rate Stabilization Adjustment to Newfoundland Power's customers. The difference primarily reflects the change in the balance in the RSA as of March 31st, 2016 relative to the balance in the previous year.³ The balance in the RSA increased from \$4.6 million owing from customers as of March 31st, 2015 to \$7.3 million owing from customers as of March 31st, 2016.⁴

Table 1 provides the calculation of the revised Rate Stabilization Adjustment reflecting Newfoundland Power's fuel rider adjustment and recovery adjustment factor.

Table 1
Rate Stabilization Adjustment Changes

	Existing	Adjustment	Proposed
Fuel Rider Adjustment	0.528¢ per kWh	(0.551)¢ per kWh	(0.023)¢ per kWh
Recovery Adjustment Factor	<u>(0.633)¢ per kWh</u>	<u>(0.454)¢ per kWh</u>	<u>(1.087)¢ per kWh</u>
Rate Stabilization Adjustment	(0.105)¢ per kWh		(1.110)¢ per kWh

The detailed calculation of the proposed Rate Stabilization Adjustment of (1.110)¢ per kWh to be effective July 1st, 2016 is provided in Appendix A to this report.

² In Order No. P.U. 21 (2016), the Board approved, effective July 1st, 2016, an update to the RSP adjustment charged by Hydro to Newfoundland Power resulting from the operation of the RSP.

³ The Fuel Rider Adjustment for the Rate Stabilization Adjustment also differs slightly from the Hydro fuel rider. The Fuel Rider Adjustment is computed based upon Newfoundland Power energy sales to customers and the Hydro fuel rider is computed using Hydro energy sales to Newfoundland Power.

⁴ The \$2.7 million increase in the RSA balance corresponds to a 0.046¢ per kWh difference between the Hydro RSP adjustment and the proposed Rate Stabilization Adjustment.

2.2 MTA Factor

Municipal taxes are not included as an expense in the determination of revenue requirement. Municipal taxes are collected through the MTA Factor, which is applied to base rates and the Rate Stabilization Adjustment to derive Customer Rates.

The Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA Factor. The MTA Factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities.

Customer Rates currently reflect an MTA Factor of 1.02487.

The detailed calculation of the proposed MTA Factor of 1.02526 to be effective July 1st, 2016 is provided in Appendix B to this report.

3.0 Proposed Rates

Appendix C to this report shows the conversion of the base rates to Customer Rates. The proposed Customer Rates reflect the Board's determinations in the General Rate Order, and include the proposed Rate Stabilization Adjustment of (1.110)¢ per kWh and the proposed MTA Factor of 1.02526.

In converting base rates to Customer Rates, the Rate Stabilization Adjustment has been applied to the energy charges in each rate classification (other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge). The MTA Factor is applied to all rate components. The calculation of final rates also incorporates a calculation to account for the effect of the early payment discount.

Appendix D to this report provides a summary of existing and proposed Customer Rates.

Appendix E to this report presents the proposed Customer Rates to be applied to electricity consumption on and after July 1st, 2016. The proposed Customer Rates reflect the General Rate Order and the Rate Stabilization Adjustment and MTA Factor proposed to become effective July 1st, 2016.

4.0 Cumulative Customer Impact

The cumulative impact on Customer Rates as a result of the General Rate Order and the proposed changes to the Rate Stabilization Adjustment and the MTA Factor for 2016 is an average decrease of 7.9%.

Table 2 shows a reconciliation of existing customer billings to proposed customer billings for the 2017 test year.

Table 2
Reconciliation of Customer Billings
(\$000s)

	2017 Existing Customer Billings	Base Rate Change	RSA/MTA Adjustment	2017 Proposed Customer Billings
Revenue from Rates	663,166	7,839		671,005 ⁵
RSA	(6,282)	-	(60,130)	(66,412)
MTA	16,260	194	(1,261)	15,193
Customer Billings	673,144 ⁶	8,033	(61,391)	619,786 ⁷
Change				(53,358)
Change		1.2%	(9.1%)	(7.9%)

While the average decrease in Customer Rates is 7.9%, individual customer impacts will vary depending on usage.⁸

Appendix F to this report provides the average customer impacts by rate class.

5.0 Proposed Rules and Regulations

Appendix G to this report provides the proposed rules and regulations governing service to be effective July 1st, 2016. These proposed rules and regulations reflect the determinations made in the General Rate Order.

⁵ Source: Schedule 1, *2016/2017 GRA Compliance Report*, Appendix E, Page 2 of 2, Line 22.

⁶ Source: Schedule 1, *2016/2017 GRA Compliance Report*, Appendix G, Page 1 of 1, Line 15, Column C.

⁷ Source: Appendix F, Page 1 of 1, Line 15, Column B.

⁸ The impact of the reduction in the Rate Stabilization Adjustment effective July 1st, 2016 is comparatively lower for the Street and Area Lighting class, since the cost of energy comprises a much smaller percentage of the cost of serving that class.

Calculation of the Rate Stabilization Adjustment effective July 1, 2016

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2016 is calculated:

(i) by removing the previous Rate Stabilization Adjustment of (0.105) cents/kWh; and

(ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

$$\begin{aligned}
 B &= \text{Amount owed to Hydro:} && (12.13) \text{ mills/kWh} \times && 5,987,793,665 &= \$ && (72,631,937) \\
 C &= \text{Balance in the Applicant's RSA at March 31, 2016} && && &= \$ && 7,308,075 \\
 D &= \text{Total Energy Sales by the Applicant from April 1, 2015} && && &= && 6,007,301,000 \text{ kWh} \\
 &\quad \text{to March 31, 2016} && && & &
 \end{aligned}$$

$$\begin{aligned}
 \text{Recovery Adjustment Factor} &= \frac{B + C}{D} \\
 &= \frac{\$(72,631,937) + \$7,308,075}{6,007,301,000} \\
 &= (0.01087) \text{ \$/kWh or} \\
 &\quad (1.087) \text{ cents/kWh}
 \end{aligned}$$

Fuel Rider Adjustment Factor:

$$\begin{aligned}
 D &= \text{Corresponds to D above} && && &= && 6,007,301,000 \text{ kWh} \\
 E &= \text{Total Energy Sales to the Company by Hydro from April 1, 2015} && && &= && 5,987,793,665 \text{ kWh} \\
 &\quad \text{to March 31, 2016} && && & & \\
 F &= \text{The Fuel Rider charged to Newfoundland Power through Hydro's RSP} && && &= && (0.023) \text{ cents/kWh}
 \end{aligned}$$

$$\begin{aligned}
 \text{Fuel Rider Adjustment Factor} &= \frac{E \times F}{D} \\
 &= \frac{5,987,793,665 \times -0.023}{6,007,301,000} \\
 &= (0.023) \text{ cents/kWh}
 \end{aligned}$$

$$\begin{aligned}
 \text{Total Rate Stabilization Adjustment} &= \text{Recovery Adjustment Factor} && + && \text{Fuel Rider Adjustment Factor} \\
 &= (1.087) \text{ cents/kWh} && + && (0.023) \text{ cents/kWh} \\
 \text{Rate Stabilization Adjustment} &= (1.110) \text{ cents/kWh}
 \end{aligned}$$

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2016 to June 30, 2017**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2016 to June 30, 2017 is calculated as follows:

$$X = \text{Amount of all municipal taxes paid in 2015} = \$17,357,671$$

$$Y = \text{Amount of Revenue earned in 2015 to which MTA factor shall apply, calculated as follows:}$$

$$\text{Normalized Revenue from rates for 2015} = \$639,631,000$$

$$\text{Add: RSA Billings for 2015} = \$38,458,200$$

$$\text{Add: 2015 Weather Normalization Revenue Adj.} = \$12,142,000$$

$$\text{Less: Forfeited Discounts} = \$2,962,000$$

$$Y = \$687,269,200$$

$$\text{Municipal Tax Adjustment Factor} = \frac{X}{Y} + 1.00000$$

$$= \frac{\$17,357,671}{\$687,269,200} + 1.00000$$

$$\text{Municipal Tax Adjustment Factor} = 1.02526$$

Newfoundland Power Inc.
Conversion of Base Rates to Customer Rates¹

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.60	$\$15.60 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$15.99
Exceeding 200 Amp Service	\$20.48	Final Not Exceeding 200 Amp Service B.C.C. plus \$ ⁵	\$20.99
Energy Charge - All kilowatt hours (¢/kWh)	10.606	$[10.606 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	9.719
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.60	Same as B.C.C.	\$15.99
Exceeding 200 Amp Service	\$20.48	Same as B.C.C.	\$20.99
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.60	Same as Rate 1.1 B.C.C	\$15.99
Exceeding 200 Amp Service	\$20.48	Same as Rate 1.1 B.C.C	\$20.99
Energy Charge (¢/kWh)			
Winter Seasonal	11.559	Same as Rate 1.1 Customer Energy Charge + 0.953	10.672
Non-Winter Seasonal	9.309	Same as Rate 1.1 Customer Energy Charge - 1.297	8.422
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.60	Same as B.C.C	\$15.99
Exceeding 200 Amp Service	\$20.48	Same as B.C.C	\$20.99
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Un-Metered	\$16.72	Final B.C.C Single Phase minus \$4	\$17.14
Single Phase	\$20.62	$\$20.62 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$21.14
Three Phase	\$26.47	Final B.C.C Single Phase plus \$6	\$27.14
Demand Charge (per kW)			
Winter	\$8.97	Other Demand Charge plus \$2.50	\$9.19
Other	\$6.53	$\$6.53 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$6.69
Energy Charge (¢/kWh)			
First 3,500 kWh	10.512	$[10.512 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	9.622
All Excess kWh	7.806	$[7.806 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	6.848
Maximum Energy Charge (¢/kWh) ²	18.534 + B.C.C.	$18.534 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	19.002 + B.C.C.
Minimum Monthly Charge			
Un-Metered	\$16.72	Same as B.C.C. Un-Metered	\$17.14
Single Phase	\$20.62	Same as B.C.C. Single Phase	\$21.14
Three Phase	\$32.33	Same as B.C.C. Single Phase plus \$12	\$33.14

¹ Customer Rates calculated based upon RSA and the MTA Factor effective July 1st, 2016.

² RSA rate does not apply to the Maximum Monthly Charge.

Newfoundland Power Inc.
Conversion of Base Rates to Customer Rates¹

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	\$48.22	$\$48.22 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$49.44
Demand Charge (per kVA)			
Winter	\$7.58	Other Demand Charge plus \$2.50	\$7.77
Other	\$5.14	$\$5.14 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$5.27
Energy Charge (¢/kWh)			
First 150 kWh/kVA of billing demand (max. 50,000 kWh)	8.925	$[8.925 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	7.995
All Excess kWh	7.125	$[7.125 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	6.150
Maximum Energy Charge (¢/kWh) ²	18.534 + B.C.C.	$18.534 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	19.002 + B.C.C.
Minimum Monthly Charge	\$48.22	Same as B.C.C.	\$49.44
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	\$84.03	$\$84.03 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$86.15
Demand Charge (per kVA)			
Winter	\$7.29	Other Demand Charge plus \$2.50	\$7.47
Other	\$4.85	$\$4.85 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	\$4.97
Energy Charge (¢/kWh)			
First 75,000 kWh	8.604	$[8.604 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	7.666
All Excess kWh	7.059	$[7.059 \times (1 - 0.015) - 1.110] \times 1.02526 \times [1 / (1 - 0.015)]$	6.082
Maximum Energy Charge (¢/kWh) ²	18.534 + B.C.C.	$18.534 \times (1 - 0.015) \times 1.02526 \times [1 / (1 - 0.015)]$	19.002 + B.C.C.
Minimum Monthly Charge	\$84.03	Same as B.C.C.	\$86.15

¹ Customer Rates calculated based upon RSA and the MTA Factor effective July 1st, 2016.

² RSA rate does not apply to the Maximum Monthly Charge.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class	Base Rate	Monthly kWh	Calculation	Final Rate
A	B	C	D	E

Rate #4.1: Street and Area Lighting Service²

High Pressure Sodium

HPS 100 W Sentinel/Standard	\$16.79	38	$[16.79 + (38 \times 1.110 \text{ ¢/kWh})] \times 1.02526$	\$16.78
HPS 100 W Post Top	\$18.12	38	$[18.12 + (38 \times 1.110 \text{ ¢/kWh})] \times 1.02526$	\$18.15
HPS 150 W Sentinel/Standard	\$20.67	60	$[20.67 + (60 \times 1.110 \text{ ¢/kWh})] \times 1.02526$	\$20.51
HPS 250 W Sentinel/Standard	\$28.66	105	$[28.66 + (105 \times 1.110 \text{ ¢/kWh})] \times 1.02526$	\$28.19
HPS 400 W Sentinel/Standard	\$39.27	163	$[39.27 + (163 \times 1.110 \text{ ¢/kWh})] \times 1.02526$	\$38.41

Poles

Wood	\$6.12		6.12×1.02526	\$6.27
30' Concrete or Metal	\$8.74		8.74×1.02526	\$8.96
45' Concrete or Metal	\$14.31		14.31×1.02526	\$14.67
25' Concrete or Metal, Post Top	\$6.51		6.51×1.02526	\$6.67

Underground Wiring (per run)

All sizes and types of fixtures	\$14.92		14.92×1.02526	\$15.30
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¹ Customer Rates calculated based upon RSA and the MTA Factor effective July 1st, 2016.

² Early payment discount does not apply to Street and Area Lighting rates.

NEWFOUNDLAND POWER INC.

Summary of Existing and Proposed Customer Rates (Includes Municipal Tax and Rate Stabilization Adjustments)

	July 1 st , 2015 <u>Existing Rates</u>	July 1 st , 2016 <u>Proposed Rates</u>
<u>Domestic - Rate #1.1</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.70/month	\$15.99/month
Exceeding 200 Amp Service	\$20.70/month	\$20.99/month
 Energy Charge - All kilowatt hours	 10.573 ¢/kWh	 9.719 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.70/month	\$15.99/month
Exceeding 200 Amp Service	\$20.70/month	\$20.99/month
 Prompt Payment Discount	 1.5%	 1.5%
<u>Domestic - Rate #1.1S</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.70/month	\$15.99/month
Exceeding 200 Amp Service	\$20.70/month	\$20.99/month
Energy Charge		
Winter Seasonal	11.526 ¢/kWh	10.672 ¢/kWh
Non-Winter Seasonal	9.276 ¢/kWh	8.422 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.70/month	\$15.99/month
Exceeding 200 Amp Service	\$20.70/month	\$20.99/month
 Prompt Payment Discount	 1.5%	 1.5%

NEWFOUNDLAND POWER INC.

Summary of Existing and Proposed Customer Rates (Includes Municipal Tax and Rate Stabilization Adjustments)

	July 1 st , 2015 <u>Existing Rates</u>	July 1 st , 2016 <u>Proposed Rates</u>
<u>G.S. 0-100 kW (110 kVA) - Rate #2.1</u>		
Basic Customer Charge		
Un-Metered	NA	\$17.14/month
Single Phase	\$21.93/month	\$21.14/month
Three Phase	N/A	\$27.14/month
Demand Charge Regular	\$9.10/kW - winter \$6.60/kW - other	\$9.19/kW - winter \$6.69/kW - other
Energy Charge		
First 3,500 kilowatt-hours	10.534 ¢/kWh	9.622 ¢/kWh
All excess kilowatt-hours	7.791 ¢/kWh	6.848 ¢/kWh
Maximum Monthly Charge	18.775 ¢/kWh + B.C.C.	19.002 ¢/kWh + B.C.C.
Minimum Monthly Charge		
Un-Metered	NA	\$17.14/month
Single Phase	\$21.93/month	\$21.14/month
Three Phase	\$36.03/month	\$33.14/month
Prompt Payment Discount	1.5%	1.5%
<u>G.S. 110-1000 kVA - Rate #2.3</u>		
Basic Customer Charge	\$50.08/month	\$49.44/month
Demand Charge	\$7.86/kVA-winter \$5.36/kVA-other	\$7.77/kVA-winter \$5.27/kVA-other
Energy Charge		
First 150 kWh per kVA of demand (max. 50,000)	9.156 ¢/kWh	7.995 ¢/kWh
All Excess kWh	7.286 ¢/kWh	6.150 ¢/kWh
Maximum Monthly Charge	18.775 ¢/kWh + B.C.C.	19.002 ¢/kWh + B.C.C.

NEWFOUNDLAND POWER INC.

Summary of Existing and Proposed Customer Rates (Includes Municipal Tax and Rate Stabilization Adjustments)

	July 1 st , 2015 <u>Existing Rates</u>	July 1 st , 2016 <u>Proposed Rates</u>
Minimum Monthly Charge	\$50.08/month	\$49.44/month
Prompt Payment Discount	1.5%	1.5%
<u>G.S. 1000 kVA and Over - Rate #2.4</u>		
Basic Customer Charge	\$85.13/month	\$86.15/month
Demand Charge	\$7.41/kVA-winter \$4.91/kVA-other	\$7.47/kVA-winter \$4.97/kVA-other
Energy Charge		
First 75,000 kWh	8.605 ¢/kWh	7.666 ¢/kWh
All Excess kWh	7.041 ¢/kWh	6.082 ¢/kWh
Maximum Monthly Charge	18.775 ¢/kWh + B.C.C.	19.002 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$85.13/month	\$86.15/month
Prompt Payment Discount	1.5%	1.5%

NEWFOUNDLAND POWER INC.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

Street and Area Lighting Rates

		July 1 st , 2015 <u>Existing Rates</u>	July 1 st , 2016 <u>Proposed Rates</u>
<u>Fixtures</u>			
<u>Sentinel/Standard</u>			
High Pressure Sodium	100W	\$16.78	\$16.78
	150W	21.13	20.51
	250W	29.88	28.19
	400W	41.17	38.41
<u>Post Top</u>			
High Pressure Sodium	100W	\$18.20	\$18.15
<u>Poles</u>			
Wood		\$7.24	\$6.27
30' Concrete or Metal, direct buried		10.46	8.96
45' Concrete or Metal, direct buried		14.74	14.67
25' Concrete or Metal, Post Top, direct buried		7.99	6.67
<u>Underground Wiring (per run)</u>			
All sizes and types of fixtures		\$12.80	\$15.30

NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Not Exceeding 200 Amp Service	\$15.99 per month
Exceeding 200 Amp Service	\$20.99 per month

Energy Charge:

All kilowatt-hours	@9.719¢ per kWh
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Minimum Monthly Charge:

Not Exceeding 200 Amp Service	\$15.99 per month
Exceeding 200 Amp Service	\$20.99 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #1.1S
DOMESTIC SEASONAL - OPTIONAL

Availability:

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

Rate:

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):

All kilowatt-hours @ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):

All kilowatt-hours @ (1.297)¢ per kWh

Special Conditions:

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Unmetered	\$17.14 per month
Single Phase	\$21.14 per month
Three Phase	\$27.14 per month

Demand Charge:

\$9.19 per kW of billing demand in the months of December, January, February and March and \$6.69 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month in excess of 10 kW.

Energy Charge:

Energy Charge:

First 3,500 kilowatt-hours	@ 9.622¢ per kWh
All excess kilowatt-hours	@ 6.848¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 19.002 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

Unmetered	\$17.14 per month
Single Phase	\$21.14 per month
Three Phase	\$33.14 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$49.44 per month

Demand Charge:

\$7.77 per kVA of billing demand in the months of December, January, February and March and \$5.27 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 50,000 kilowatt-hours @ 7.995¢ per kWh
All excess kilowatt-hours @ 6.150¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 19.002 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$86.15 per month

Demand Charge:

\$7.47 per kVA of billing demand in the months of December, January, February and March and \$4.97 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 75,000 kilowatt-hours @ 7.666¢ per kWh
All excess kilowatt-hours @ 6.082¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 19.002 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

	Sentinel/Standard	Post Top
High Pressure Sodium		
100W (8,600 lumens)	\$16.78	\$18.15
150W (14,400 lumens)	20.51	-
250W (23,200 lumens)	28.19	-
400W (45,000 lumens)	38.41	-

Special poles used exclusively for lighting service**

Wood	\$6.27
30' Concrete or Metal, direct buried	8.96
45' Concrete or Metal, direct buried	14.67
25' Concrete or Metal, Post Top, direct buried	6.67

Underground Wiring (per run)**

All sizes and types of fixtures	\$15.30
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)

Availability:

For Customers billed on Rate #2.3 or #2.4, that can reduce their demand ("Curtail"), whether individually or in aggregate, by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Customers that reduce their demand in aggregate will be treated as a single Customer under this rate option. The aggregated Customer must provide a single point of contact for a request to Curtail.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

Curtailment Credit = Contracted Demand Reduction x \$29 per kVA

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

Peak Period Load Factor =
$$\frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x \$29 per kVA

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced for failure to Curtail in a winter period as follows:

1. For the first 5 curtailment requests the Curtailment Credit will be reduced 25% for each failure to Curtail.
2. After the 5th curtailment 50% of the remaining Curtailment Credit, if any, will become vested ("Vested Curtailment Credit").
3. For all remaining curtailment requests the Curtailment Credit will be reduced by 12.5% for each additional failure to Curtail.

If a Customer fails to Curtail four times during a winter period, then:

1. The Customer shall only be entitled to the Vested Curtailable Credit, if any.
2. The Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraphs, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

Newfoundland Power Inc.

Average Billing Impacts - Customer Rates
(Billing Amounts include RSA and MTA effective July 1st, 2016)
(\$000s)

Category	<u>Adjusted Existing Rates</u>	<u>Customer Rates</u>	<u>Change</u>	<u>Average Impacts</u>
	(A) ¹	(B) ²	(C) ³	(D) ⁴
1				
2				
3 1.1 Domestic	425,035	394,959	(30,076)	-7.1%
4 1.1S Domestic Seasonal	2,141	1,997	(144)	-6.7%
5 Total Domestic	<u>427,176</u>	<u>396,956</u>	<u>(30,220)</u>	<u>-7.1%</u>
6				
7 2.1 General Service 0-100 kW (110 kVA)	90,458	83,265	(7,193)	-8.0%
8 2.3 General Service 110-1000 kVA	100,142	88,324	(11,818)	-11.8%
9 2.4 General Service over 1000 kVA	36,224	32,200	(4,024)	-11.1%
10 Total General Service	<u>226,824</u>	<u>203,789</u>	<u>(23,035)</u>	
11			-	
12 4.1 Street and Area Lighting	16,282	16,144	(138)	-0.8%
13 Forfeited Discounts	2,862	2,897	35	1.2%
14				
15 Total	<u>673,144</u>	<u>619,786</u>	<u>(53,358)</u>	<u>-7.9%</u>

¹ Column A is the 2017 forecast customer billings under existing rates including revised elasticity impacts (See Appendix G to 2016/2017 GRA Compliance Report, Column C).

² Column B is the 2017 forecast under the Proposed Customer Rates including revised elasticity impacts.

³ Column C is the difference between forecast under Proposed Customer Rates and Existing rates (Column B - Column A).

⁴ Column D is the forecast rate change as a result of the General Rate Order and the RSA/MTA update (Column C / Column A).

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

1. INTERPRETATION:

- (a) In these Rates, Rules and Regulations the following definitions shall apply:
 - (i) "Act" means The Public Utilities Act RSN 1970 c. 322 as amended from time to time.
 - (ii) "Applicant" means any person who applies for Service.
 - (iii) "Board" means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
 - (iv) "Company" means Newfoundland Power Inc.
 - (v) "Customer" means any person who accepts or agrees to accept Service.
 - (vi) "Disconnected" or "Disconnect" in reference to a Service means the physical interruption of the supply of electricity thereto.
 - (vii) "Discontinued" or "Discontinue" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.
 - (viii) "Domestic Unit" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.
 - (ix) "Service" means any service(s) provided by the Company pursuant to these Regulations.
 - (x) "Serviced Premises" means the premises at which Service is delivered to the Customer.
- (b) Unless the context requires otherwise these Rates, Rules and Regulations shall be interpreted such that
 - (i) words imparting male persons include female persons and corporations.
 - (ii) words imparting the singular include the plural and vice versa.

2. CLASSES OF SERVICE:

- (a) The Company shall provide the following classes of Service:
 - (i) Domestic Service
 - (ii) General Service, 0-100 kW (110 kVA)
 - (iii) General Service, 110 kVA (100 kW) - 1000 kVA
 - (iv) General Service, 1000 kVA and Over
 - (v) Street and Area Lighting Service

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

- (b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.
- (c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and, in the opinion of the Company, can be readily determined without metering.
- (d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part, except that the Customer may include the cost of Service in charges for the lease of space, or as part of the cost of other services provided by the Customer.

3. APPLICATION FOR SERVICE:

- (a) An Applicant, when required by the Company, shall complete a written Electrical Service Contract.
- (b) An application for Service, when accepted by the Company, constitutes a binding contract between the Applicant and the Company which cannot be assigned.
- (c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another person denoted as the Applicant on the application for Service.
- (d) The Company may in its discretion refuse to provide Service to an Applicant where:
 - (i) the Applicant fails or refuses to complete an application for Service.
 - (ii) the Applicant provides false or misleading information on the application for Service.
 - (iii) the Applicant or the owner or an occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.
 - (iv) the Applicant fails to provide the security or guarantee required under Regulation 4.
 - (v) the Applicant is not the owner or an occupant of the Serviced Premises.
 - (vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having his Service Discontinued.
 - (vii) the Applicant does not pay a charge described in Regulation 9 (b), (c), or (d).

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

(viii) the Applicant otherwise fails to comply with these Regulations.

- (e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by the Company in writing.

4. SECURITY FOR PAYMENT:

- (a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by the Company pursuant to its Customer Deposit Policy as approved by the Board, from time to time.
- (b) The Company may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

5. SERVICE STANDARDS - METERED SERVICES:

- (a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three-phase supply:

Single-phase, 3 wire, 120/240 volts
Three-phase, 4 wire, 120/208 volts wye
Three-phase, 4 wire, 347/600 volts wye

Service at any other supply voltage may be provided in special cases at the discretion of the Company.

- (b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volts or as part of a multiunit building, at single phase 120/208 volts. The Company may, if requested by the customer, provide three phase service if a contribution in aid of construction is paid to the Company in accordance with Regulation 9(c).
- (c) The Company shall not be required to provide services at 50 hertz except to those Serviced Premises receiving 50 hertz power continuously since May 13, 1977.
- (d) The Company shall determine the point at which power and energy is delivered from the Company's facilities to the Customer's electrical system.
- (e) Service entrances shall be in a location satisfactory to the Company and, except as otherwise approved by the Company, shall be wired for outdoor meters.
- (f) Where the Company has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by the Company provide and install, at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

- (g)
 - (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas served by underground wiring or where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank or pad transformer, shall, on request of the Company, provide at its expense a suitable vault or enclosure on the Served Premises for exclusive use by the Company for its equipment necessary to supply and maintain service to the Customer.
 - (ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to the Company's system which cannot be accommodated in the Company's existing vaults or structures, the Customer shall, on request of the Company, provide at the Customer's expense such additional space in its vault or enclosure as the Company shall require to accommodate the additional equipment.
- (h) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower, except where specifically approved by the Company.
- (i) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. The Company, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by the Company provide, at his expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.
- (j) The Company shall provide transformation for Service up to 500 kVA where the required service voltage is one of the Company's standard service voltages and installation is in accordance with the Company's standards. In other circumstances, the Company, on such conditions as it deems acceptable, may provide the transformation.
- (k) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1, and, where applicable, in accordance with the Company's specifications. However, the provision of Service shall not in any way be construed as acceptance by the Company of the Customer's electrical system.
- (l) The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of the Company.

6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

- (a) For Street and Area Lighting Service the Company shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. The Company shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.
- (b) The Company shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead or underground conductors, control equipment and other devices.

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

- (c) The Company shall not be required to provide Street And Area Lighting Service where, in the opinion of the Company, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.
- (d) The Company shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.
- (e) The location of fixtures for Street and Area Lighting Service shall be determined by the Company in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.
- (f) The Company does not guarantee that fixtures used for Street And Area Lighting Service will illuminate any specific area.
- (g) The Company shall not be required to provide additional Street And Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, his bill for such Service has been in arrears for more than 30 days.

7. METERING:

- (a) Service to each building shall be metered separately except as provided in Regulation 7(b).
- (b) Service to buildings and facilities on the same Served Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the Customer supplies and maintains all distribution facilities beyond the point of supply.
- (c) Except as provided in Regulation 7(d), Service to each new Domestic Unit shall be metered separately.
- (d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of the Company, be metered together.
- (e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.
- (f) Where the Service to a Domestic Unit has a connected load for commercial or non-domestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.
- (g) The Company shall not be required to provide more than one meter per Service, however submetering by the Customer for any purpose not inconsistent with these Regulations, is permitted.
- (h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.

NEWFOUNDLAND POWER INC.
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- (i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of the Company, may be based on:
 - (i) 80% of the connected load, where the demand does not exceed 100 kW, or
 - (ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or
 - (iii) the kilowatt-hour consumption divided by an appropriate number of hours use where demand is less than 10 kW.
- (j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable rate is in kVA and in kW if the applicable rate is in kW.

If the demand is recorded on a kVA meter but the applicable rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.
- (k) The Customer shall ensure that meters and related equipment are visible and readily accessible to the Company's personnel and are suitably protected. Unless otherwise approved by the Company, meters shall be located outdoors and shall not subsequently be enclosed.
- (l) If a meter is located indoors and Company employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by the Company, provide for the installation of an outdoor meter at his expense.
- (m) In the event that a dispute arises regarding the accuracy of a meter, and the Company is unable to resolve the matter with the Customer then either the Customer or the Company shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by the Company. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. The Company may require a Customer to deposit with the Company in advance of testing, an amount sufficient to cover the costs involved.
- (n) Metering shall normally be at secondary distribution voltage level but may at the option of the Company be at the primary distribution level. When metering is at the primary distribution voltage (4 - 25 kV) the monthly demand and energy consumption shall be reduced by 1.5%.

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

8. METER READING:

- (a) Where reasonably possible the Company shall read meters monthly provided that the Company may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and the Company will estimate the readings for all other months.
- (b) If the Company is unable to obtain a meter reading due to circumstances beyond its reasonable control, the Company may estimate the reading.
- (c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

9. CHARGES:

- (a) Every Customer shall pay the Company the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.
- (b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay the Company a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material. The payment may be required in advance or, subject to credit approval, billed to the Customer.
- (c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay the Company the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the Customer.
- (d) The Customer shall pay the Company in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.
- (e) The Customer shall pay the Company the amount set forth in the rate for all poles required for Street and Area Lighting Service which are in addition to those installed by the Company for the distribution of electricity. This charge shall not apply to Company poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.
- (f) Where a Service is Disconnected pursuant to Regulation 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee.

NEWFOUNDLAND POWER INC.
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Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee.

The reconnection fee shall be \$20.00 where the reconnection is done during normal office hours or \$40.00 if it is done at other times.

- (g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.
- (h)
 - (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11 (a), (b) or (c), or 9 (i), or when a Customer requests removal of existing fixtures, poles, and/or underground wiring, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles and/or underground wiring to be Discontinued or removed.
 - (ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.
 - (iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole and underground wiring.
- (i) Where Street and Area Lighting fixtures or lamps are wantonly, wilfully, or negligently damaged or destroyed (other than through the negligence of the Company), the Company, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the Customer contacts the Company within thirty days of the date on the letter and agrees to pay the repair costs in advance and all future repair costs, the Company will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, the Company, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to the Company in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.

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- (j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of the Company.
- (k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides his own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:
 - (i) for supply at 4 kV to 25 kV \$0.40 per kVA
 - (ii) for supply at 33 kV to 138 kV \$0.90 per kVA
- (l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to the Company, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.
- (m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.
- (n) An application fee of \$8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Service Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

10. BILLING:

- (a) The Company shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised the Company may issue an additional bill.
- (b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.
- (c) Bills are due and payable when issued. Payment shall be made at such place(s) as the Company may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is \$50.00 or more, the Company may charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.
- (d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of \$16.00 may be applied to the Customer's bill.

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- (e) Where a Customer is billed on the basis of an estimated charge an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.
- (f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service, or a Service is Discontinued, the Company may base the billing on an estimate of the reading as of the date of change.
- (g) Where a Customer has been underbilled due to an error on the part of the Company or due to an act or omission by a third party, the Customer may, at the discretion of the Company, be relieved of the responsibility for all or any part of the amount of the underbilling.

11. DISCONTINUANCE OF SERVICE:

- (a) A Service may be Discontinued by the Customer at any time upon prior notice to the Company provided that the Company may require 10 days prior notice in writing.
- (b) A Service may be Discontinued by the Company upon 10 days prior notice in writing to the Customer if the Customer:
 - (i) provided false or misleading information on the application for the Service.
 - (ii) fails to provide security or guarantee for the Service required under Regulation 4.
- (c) A Service may be Discontinued by the Company without notice if the Service was Disconnected pursuant to Regulation 12, and has remained Disconnected for over 30 consecutive days.
- (d) When the Company accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that service is signed by a landlord under Regulation 11(f).
- (e) Where a Service has been Discontinued, the Service may, at the option of the Company and subject to Regulation 12(a), remain connected.
- (f) A landlord may sign an agreement with the Company to accept charges for Service provided to a rental premise for all periods when the Company does not have a contract for Service with a tenant for that premise.

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12. DISCONNECTION OF SERVICE:

- (a) The Company shall Disconnect a Service within 10 days of receipt of a written request from the Customer.
- (b) The Company may Disconnect a Service without notice to the Customer:
 - (i) where the Service has been Discontinued,
 - (ii) on account of or to prevent fraud or abuse,
 - (iii) where in the opinion of the Company the Customer's electrical system is defective and represents a danger to life or property,
 - (iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations,
 - (v) where the Customer has a building or structure under the Company's wires which is within the minimum clearances recommended by the Canadian Standards Association, or
 - (vi) when ordered to do so by any authority having the legal right to issue such order.
- (c) The Company may, in accordance with its Collection Policies filed with the Board, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 days or more after issuance.
- (d) The Company may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.
- (e) The Company may refuse to reconnect a Service if the Customer is in violation of any provisions of these Regulations or if the Customer has a bill for any Service which is unpaid.
- (f) The Company may Disconnect a Service to make repairs or alterations. Where reasonable and practical the Company shall give prior notice to the Customer.
- (g) The Company may Disconnect the Service to a rental premises where the landlord has an agreement with the Company authorizing the Company to Disconnect the Service for periods when the Company does not have a contract for Service with a tenant of that premises.

13. PROPERTY RIGHTS:

- (a) The Customer shall provide the Company with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.
- (b) The Company shall have the right to install, remove or replace such of its property as it deems necessary.

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- (c) The Customer shall provide the Company with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.
- (d) All equipment and facilities provided by the Company shall remain the property of the Company unless otherwise agreed in writing.
- (e) The Customer shall not unreasonably interfere with the Company's access to its property.
- (f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to the Company's poles or other property except by prior written permission of the Company.
- (g) The Customer shall allow the Company to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.
- (h) The Customer shall not erect any buildings or obstructions on any of the Company's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of the Company.

14. COMPANY LIABILITY:

The Company shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond the reasonable control of the Company.

15. GENERAL:

- (a) No employee, representative or agent of the Company has the authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on the Company.
- (b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by the Company to the Customer's last known address, whichever is sooner.

NEWFOUNDLAND AND LABRADOR

AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NO. P.U. ____ (2016)

IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application (the “Application”) by Newfoundland Power for approval of:

- (i) return on rate base for 2016 and 2017, and
- (ii) customer rates, tolls and charges and rules and regulations relating to service to be effective July 1st, 2016.

WHEREAS Newfoundland Power filed a General Rate Application with the Board of Commissioners of Public Utilities (the “Board”) on October 16, 2015 for an Order or Orders of the Board approving among other things, proposed rates for the various customers of Newfoundland Power, to be effective July 1, 2016; and

WHEREAS on June 8, 2016 after holding a public hearing, the Board issued Order No. P.U. 18 (2016) directing Newfoundland Power to, *inter alia*:

- (1) calculate and file a revised forecast average rate base and return on rate base for 2016 and 2017 based on its proposals in the General Rate Application, incorporating the determinations set out in Order No. P.U. 18 (2016), including the use of a return on common equity of 8.5% to calculate the rate of return on rate base for the 2016 and 2017 test years;
- (2) calculate and file a revised forecast total revenue requirement for the 2016 and 2017 test

years based on its proposals in the General Rate Application, incorporating the determinations set out in Order No. P.U. 18 (2016); and

- (3) file a revised Schedule of Rates, Tolls and Charges which shall become effective for service provided on and after July 1, 2016, based on the proposals in the General Rate Application, incorporating the determinations set out in Order No. P.U. 18 (2016) and the annual Rate Stabilization Account adjustment; and

WHEREAS on June 17, 2016, Newfoundland Power submitted an application in compliance with Order No. P.U. 18 (2016), including supporting Schedules (the “Compliance Application”), proposing, *inter alia*: (i) changes to electricity rates, effective July 1, 2016, reflecting the Board’s determinations in Order No. P.U. 18, (2016); and (ii) a rate stabilization adjustment of (1.110)¢/kWh and a municipal tax adjustment factor of 1.02526 to be applied to all bills based on electrical consumption on and after July 1, 2016, resulting in an average decrease in electrical rates of 7.9% effective on all bills based on electrical consumption on and after July 1, 2016; and

WHEREAS the Board has reviewed the Compliance Application and confirmed that the Compliance Application is based on Newfoundland Power’s proposals in the General Rate Application and properly reflects the determinations of the Board set out in Order No. P.U. 18 (2016).

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 80 of the Act, the Board hereby approves the forecast average rate base for 2016 of \$1,060,334,000 and a forecast average rate base for 2017 of

\$1,104,702,000.

2. Pursuant to Section 80 of the Act, the Board hereby approves the rate of return on average rate base for 2016 of 7.21% in a range of 7.03% to 7.39% and a rate of return on average rate base for 2017 of 7.19% in a range of 7.01% to 7.37%.
3. Pursuant to Section 70(1) of the Act, the Board hereby approves the Rate Stabilization Adjustment of (1.110) ¢/kWh and the MTA factor of 1.02526 for the period of July 1, 2016 to June 30, 2017.
4. Pursuant to Section 70(1) of the Act, the Board hereby approves the Schedule of Rates, Tolls and Charges of Newfoundland Power attached hereto and marked Schedule "A", to be effective for service provided on and after July 1, 2016.
5. Pursuant to Section 71 of the Act, the Board hereby approves the Rules and Regulations of Newfoundland Power attached hereto and marked Schedule "B", to be effective for service provided on and after July 1, 2016.

DATED at St. John's, Newfoundland and Labrador, this day of , 2016.

G. Cheryl Blundon
Director of Corporate Services
and Board Secretary