

Board of Commissioners of Public Utilities  
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St. John's, NL A1A 5B2

**Ms. Cheryl Blundon**  
**Director - Corporate Services & Board Secretary**

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June 22, 2022

Dear Ms. Blundon,

**Re: Newfoundland Power Inc.**  
**2022 Proposed Changes to Customer Rates**

### **Introduction and scope**

We have completed our review of Newfoundland Power Inc.'s (the "Company") Application dated June 14, 2022 (the "Application") requesting approval of the Rate Stabilization Adjustment ("RSA") and Municipal Tax Adjustment ("MTA") factor to be applied to the rates of the Company for the period July 1, 2022 to June 30, 2023 pursuant to Section 71 of the Public Utilities Act. We also reviewed the incorporation of the Utility rates proposed by Newfoundland and Labrador Hydro ("Hydro") in its application filed on May 27, 2022 and approved by the Board in Order No. P.U. 19 (2022).

Our procedures were focused on ensuring the methodology and calculations relating to the RSA, the MTA and Utility rates were in accordance with Board Orders. More specifically, our procedures with respect to confirming the Company's calculations in Schedules 2 and 3 of the Application included agreeing the various components to source data. We also reviewed the amendments to the Rates, Rules and Regulations.

The scope of our review is as follows.

1. Confirmed the calculation, found in Schedule 2, of the RSA of 0.288 cents per kWh;
2. Confirmed the calculation, found in Schedule 3, of the MTA factor of 1.02627;
3. Ensured the calculations included in Schedules 2 and 3 are in accordance with Board Orders;

4. Reviewed the revisions addressing the elimination of the RSP Fuel Rider, the introduction of the Muskrat Falls Project Cost Recovery Rider approved by the Board in Order No. P.U. 19 (2022) and the conclusion of the One-Time Bill Credit;
5. Ensured the Company's schedule of Rates, Rules and Regulations as set out in Schedule 4 incorporates the increase in the Utility rates approved by the Board in Order No. P.U. 19 (2022) and the 2022 RSA and MTA adjustments included in the Application; and,
6. Reviewed the appropriateness of the amendments to the Rates, Rules and Regulations included in the Application.

## **Findings**

### **Utility Rates, RSA and MTA**

Based upon the results of our procedures we can advise that we did not note any discrepancies in the calculations or methodology and therefore we:

- Confirm that the Company's calculation in Schedule 2 of the Application, which represents the RSA effective July 1, 2022 of 0.288 cents per kWh, is appropriate.
- Confirm that the Company's calculation in Schedule 3 of the Application, which represents the MTA factor effective July 1, 2022 of 1.02627, is appropriate.
- Confirm that the Company's schedule of Rates, Rules and Regulations as set out in Schedule 4 incorporates the Utility rates approved by the Board in Order No. P.U. 19 (2022), and the 2022 RSA and MTA adjustments included in the Application.

### **Rates, Rules and Regulations amendments**

The proposed revisions to the Rate Stabilization Clause included in Schedule 5 of the Application includes:

- The elimination of Hydro's RSP Fuel Rider in the calculation of the RSA;
- The introduction of Hydro's Muskrat Falls Project Cost Recovery Rider in the calculation of the RSA; and
- The conclusion of the One-Time Bill Credit which was approved by the Board in Order No. P.U. 17 (2020).

Based on our review of the revised Rate Stabilization Clause we can advise that we did not note any issues of concern and therefore:

- Confirm that the revised Schedule of Rates, Rules and Regulations appropriately excludes Hydro's RSP Fuel Rider in the calculation of the Company's RSA in section I Rate Stabilization Adjustment ("A");
- Confirm that the revised Schedule of Rates, Rules and Regulations appropriately includes the introduction of Hydro's Muskrat Falls Project Cost Recovery Rider in the calculation of the Company's RSA in section I Rate Stabilization Adjustment ("A"); and

- Confirm that the revised Schedule of Rates, Rules and Regulations appropriately excludes the One-Time Bill Credit which was approved by the Board in Order No. P.U. 17 (2020) in section II Rate Stabilization Account ("RSA").

I trust this is the information you requested. If you have any questions, please contact me.

Yours sincerely,

**Grant Thornton LLP**



Barry Griffiths, CPA, CA  
Principal