

- 1 **Q. (Reference CA-NP-009) It is stated “Newfoundland Power’s power supply costs in**
2 **2019 reflect the Newfoundland and Labrador Hydro (“Hydro”) Utility rate approved by**
3 **the Board in Order No. P.U. 15 (2018) and Order No. P.U. 30 (2019).” Further, it is**
4 **stated “The Hydro Utility rate used to determine Newfoundland Power’s power supply**
5 **costs in the 2022 and 2023 test years was approved by the Board in Order No. P.U. 30**
6 **(2019).”**
- 7 **a) Please confirm that while the Board approved the Utility rate in Order No.**
8 **P.U. 30(2019), it has not approved use of this rate in Newfoundland Power’s**
9 **2022 and 2023 test years.**
- 10 **b) Please confirm that rates proposed in the 2022-2023 GRA are based on the**
11 **cost of service study for the 2023 test year.**
- 12 **c) Given that Hydro requested a delay in the filing of its GRA owing to**
13 **uncertainties relating to Muskrat Falls and rate mitigation and its resulting**
14 **inability to reasonably reflect the costs that it would incur for use in**
15 **determining proposed customer rates (see April 15, 2019 letter from Hydro**
16 **to the Board titled “Application to Delay the Filing of Newfoundland and**
17 **Labrador Hydro’s Next General Rate Application”), please confirm that the**
18 **Utility rate approved in Order No. P.U. 30(2019) does not reflect the rate that**
19 **Newfoundland Power expects to pay for purchased power in 2023.**
- 20
- 21 **A. a) It is confirmed. The Board does not approve a Utility rate as part of a**
22 **Newfoundland Power general rate application (“GRA”). The Board approves a**
23 **Utility rate resulting from an application filed by Newfoundland and Labrador**
24 **Hydro (“Hydro”).**
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- 26 **b) Customer rates proposed in the 2022/2023 General Rate Application are based on**
27 **the Company’s proposed 2022 and 2023 revenue requirements.**
- 28
- 29 Newfoundland Power assessed the fairness of its customer rates for each class of
30 service by comparing the revenue collected from each class with the cost to serve
31 that class, as determined through its embedded cost of service study (the
32 “revenue-to-cost ratio”). The revenue-to-cost ratio for each class of service is
33 between 90% and 110%. Newfoundland Power is therefore proposing to apply the
34 same rate increase to customers served under each class of service.¹
- 35
- 36 The Company’s embedded cost of service study is based on 2019 costs adjusted
37 to reflect the *pro forma* impact of Hydro’s 2017 General Rate Application.
- 38
- 39 **c) It is currently uncertain how commissioning of the Muskrat Falls Project or a final**
40 **rate order on Hydro’s next GRA will affect the Utility rate or cost of service**
41 **allocations in 2023. See response to Request for Information CA-NP-004.**

¹ For further information, see the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 5.3.1: Embedded Cost of Service Study.