Volume 1, Section 1 - Introduction

Q. The May/June 2007 Power Connection newsletter states in part:

"The net impact of the proposed rate changes will be an overall average increase to current electricity rates of approximately 2.4%. However, even after the proposed rate changes, our electricity rates for residential customers will still remain the lowest in Atlantic Canada." Please:

a. Show how NP's residential and other rates would compare as at January 1, 2008 to each of the other Atlantic province's rates, but for the proposed decrease due on July 1, 2007 owing to the annual review of the Rate Stabilization Account (i.e.; assume for the purposes of this question no change to the rates on July 1, 2007).

b. Show how NP's rates (both residential and others) as at January 1, 2008 will compare to those in the other Atlantic provinces assuming NP's Application is granted as filed and assuming the expected RSA-indicated rate decrease occurs on July 1, 2007.

c. Provide the relative use of hydraulic resources in this province for generation as compared to the other Atlantic provinces and comment as to how, in light of this province's much greater access to cheaper hydraulic generation, comparisons to the rates in the other Atlantic provinces is meaningful.

A. (a) Attachment A provides a bill comparison for the four Atlantic Provinces. For this comparison Newfoundland Power's rates are based on the proposed January 1, 2008 base rates and the Rate Stabilization and Municipal Tax Adjustments effective January 1, 2007.

Newfoundland Power prepares bill comparisons on a regular basis only for the Domestic class. For the General Service classes, Newfoundland Power used a rate survey dated May 1, 2007 that was provided by Manitoba Hydro. Consumption levels are based on those used in the Manitoba Hydro survey, except for Domestic customers which is based on Newfoundland Power's Domestic average use for 2006. On June 8, 2007, New Brunswick Power received approval for a 9.6% across-the-board rate increase for an interim period until a public hearing process is completed. The survey results for New Brunswick Power include the interim increase. The average monthly bill excludes federal and provincial taxes.

(b) Attachment B is similar to Attachment A except that the proposed January 1, 2008 rates for Newfoundland Power incorporate the Rate Stabilization and Municipal Tax Adjustments effective July 1, 2007.

(c) Table 1 provides a breakdown of the relative use of various source of electricity production for each of the Atlantic Provinces according to the production information available from the major electricity generating companies in each province.

Table 1
Production by Source

Source	Prince Edward Island[1]	New Brunswick[2]	Nova Scotia[3]	Newfoundland[4]
Thermal	-			
oil		N/A	4%	25%
coal		N/A	80%	-
Orimulsion		N/A	-	-
natural gas		N/A	3%	-
Total		49%	87%	25%
Nuclear	-	22%	-	-
Renewables	-			
hydro		N/A	N/A	69%
other		N/A	N/A	-
Total		19%	9%	69%
Purchase Power	100%	10%	4%	6%
Total	100%	100%	100%	100%

1 From Maritime Electric's website
2 From New Brunswick Power's 2005-6 Annual Report. The breakdown between the various types of fuel used in New Brunswick Power's thermal generating plants is not reported.
3 From Emera's 2006 Annual Report
4 From Newfoundland & Labrador Hydro's 2006 GRA Filing.

The comparison of average monthly rates provides customers with a meaningful indication of the cost of using electricity in Newfoundland Power's service territory as compared to the other Atlantic Provinces.

Rates are a reflection of the overall cost structures underlying the provision of service. These costs include the cost of generation, transmission, distribution, and customer service, as well as pricing policies in the various jurisdictions such as, for example, the funding of Hydro's rural deficit.[1] Generation mix is one of many factors that influence the costs underlying rates.

Table 1 indicates that Newfoundland has greater access to hydroelectric production, in percentage terms, than the other Atlantic Provinces. Any comparison of average monthly rates will necessarily reflect Newfoundland's greater access to hydroelectric production, as well as the influence of all of the other costs components underlying the provision of safe, reliable electrical service in Newfoundland.

[1] The funding of Hydro Rural Deficit is mandated by the *Electrical Power Control Act, 1994*.

Attachment A

Residential	**1,258 kWh**
Charlottetown PEI	$ 162.28
Fredericton NB	145.66
Halifax NS	145.06
St. John's NL	**134.16**

GS 0-10 kW	**750 kWh**
Charlottetown PEI	$ 125.62
Fredericton NB	108.38
St. John's NL	**103.47**
Halifax NS	93.42

GS 0-10 kW	**1,000 kWh**
Charlottetown PEI	$ 160.07
Fredericton NB	137.50
St. John's NL	**131.69**
Halifax NS	119.39

GS 10-100 kW	**5,000 kWh** **20 kW**
Charlottetown PEI	$ 711.27
Fredericton NB	603.52
Halifax NS	578.40
St. John's NL	**573.68**

GS 10-100 kW	**10,000 kWh** **40 kW**
Charlottetown PEI	$ 1,396.67
Fredericton NB	1,212.13
Halifax NS	1,156.80
St. John's NL	**1,127.08**

GS 110-1000 kVA	**25,000 kWh** **111 kVA**
Fredericton NB	$ 3,038
Charlottetown PEI	3,009
Halifax NS	2,892
St. John's NL	**2,802**

GS 110-1000 kVA	**120,000 kWh** **333 kVA**
Fredericton NB	$ 12,689
Charlottetown PEI	11,979
Halifax NS	11,466
St. John's NL	**10,727**

GS 110-1000 kVA	**200,000 kWh** **556 kVA**
Fredericton NB	$ 21,153
Charlottetown PEI	19,965
Halifax NS	19,110
St. John's NL	**17,382**

GS 1000 kVA & Over	**400,000 kWh** **1,111 kVA**
Charlottetown PEI	$ 34,100
St. John's NL	**32,869**
Halifax NS	32,017
Fredericton NB	31,832

GS 1000 kVA & Over	**2,555,000 kWh** **5,000 kVA**
Charlottetown PEI	$ 199,582
St. John's NL	**194,938**
Fredericton NB	184,288
Halifax NS	171,317

GS 1000 kVA & Over	**5,500,000 kWh** **10,000 kVA**
Charlottetown PEI	$ 419,600
St. John's NL	**382,137**
Fredericton NB	366,886
Halifax NS	363,960

Attachment B

Residential	**1,258 kWh**
Charlottetown PEI	$ 162.28
Fredericton NB	145.66
Halifax NS	145.06
St. John's NL	**130.55**

GS 0-10 kW	**750 kWh**
Charlottetown PEI	$ 125.62
Fredericton NB	108.38
St. John's NL	**101.37**
Halifax NS	93.42

GS 0-10 kW	**1,000 kWh**
Charlottetown PEI	$ 160.07
Fredericton NB	137.50
St. John's NL	**128.88**
Halifax NS	119.39

GS 10-100 kW	**5,000 kWh 20 kW**
Charlottetown PEI	$ 711.27
Fredericton NB	603.52
Halifax NS	578.40
St. John's NL	**559.36**

GS 10-100 kW	**10,000 kWh 40 kW**
Charlottetown PEI	$ 1,396.67
Fredericton NB	1,212.13
Halifax NS	1,156.80
St. John's NL	**1,098.41**

GS 110-1000 kVA	**25,000 kWh 111 kVA**
Fredericton NB	$ 3,038
Charlottetown PEI	3,009
Halifax NS	2,892
St. John's NL	**2,730**

GS 110-1000 kVA	**120,000 kWh 333 kVA**
Fredericton NB	$ 12,689
Charlottetown PEI	11,979
Halifax NS	11,466
St. John's NL	**10,383**

GS 110-1000 kVA	**200,000 kWh 556 kVA**
Fredericton NB	$ 21,153
Charlottetown PEI	19,965
Halifax NS	19,110
St. John's NL	**16,808**

GS 1000 kVA & Over	**400,000 kWh 1,111 kVA**
Charlottetown PEI	$ 34,100
Halifax NS	32,017
Fredericton NB	31,832
St. John's NL	**31,708**

GS 1000 kVA & Over	**2,555,000 kWh 5,000 kVA**
Charlottetown PEI	$ 199,582
St. John's NL	**187,453**
Fredericton NB	184,288
Halifax NS	171,317

GS 1000 kVA & Over	**5,500,000 kWh 10,000 kVA**
Charlottetown PEI	$ 419,600
St. John's NL	**367,489**
Fredericton NB	366,886
Halifax NS	363,960