

1 Q. Based on the information provided, but for the application proposals, the estimated rate
2 decrease for the end customer on July 1, 2022, would be 6.4% as follows:

Component	% Change
Fuel Rider	1.1%
RSP Current Plan Adjustment	(5.8%)
CDM Cost Recovery Adjustment	0.1%
NP July 1 Rate Adjustments	(1.7%)
Total	(6.4%)

- 3 a) Please estimate the annual impact on the end customer of the estimated 6.4% rate
4 decrease, in dollars, for an average residential customer with all electric heat and another
5 without all electric heat.
- 6 b) Please explain the impact of a delay in the decisions related to the application proposals, for
7 example if new rates were not implemented until August 1, or September 1, 2022.

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10 A. a) The 6.4% decrease is an estimate of the overall average rate impact of the combined effects
11 of Newfoundland and Labrador Hydro's ("Hydro") Rate Stabilization Plan ("RSP") update and
12 Newfoundland Power Inc.'s ("Newfoundland Power") Rate Stabilization Account
13 ("RSA")/Municipal Tax Adjustment ("MTA") update excluding the proposed Project Cost
14 Recovery Rider. Based on this change, Newfoundland Power would design detailed rates
15 reflecting these rate adjustment updates. Hydro does not have the projected detailed rates
16 by class that would be required to estimate the rate impact by class or by subgroups within
17 a class; therefore, a detailed average bill impact analysis cannot be provided at this time.
18 However, a coarse estimate would indicate that a 6.4% rate decrease on residential rates on
19 the Island Interconnected System would result in average reduced billings of approximately
20 \$120 per customer, annually.¹

¹ Calculated based on an average monthly usage of 1,264 kWh and assumes the rate decrease would apply to all billing components.

- 1 b) For the implementation of Hydro’s Application for July 1, 2022 Utility Rate Adjustments and
2 the update to the Newfoundland Power’s RSA/MTA to be delayed until August 1 or
3 September 1, 2022, existing rates would need to be approved to remain in effect until the
4 new rate implementation date. The impacts of such a delay are as follows:
- 5 ● Balances in Hydro’s RSP and Newfoundland Power’s RSA will continue to be updated
6 reflecting the continued use of the existing billing adjustments. Assuming the new rates
7 to be implemented in August or September will reflect RSP/RSA balances as of
8 March 31, 2022 (consistent with RSP/RSA rules), the proposed rate change in August or
9 September will equal the proposed rate change to become effective July 1, 2022.
 - 10 ● The effect of continuing the use of the existing RSP/RSA adjustments for additional
11 months will impact the wholesale and retail customer rate change to become effective
12 July 1, 2023.
 - 13 ● Hydro will continue to incur the costs associated with the Muskrat Falls Power Purchase
14 Agreement; however, the delay in the approval of the Project Cost Recovery Rider will
15 delay Hydro’s opportunity to recover those costs from customers. The effect of the
16 delay in recovery would reduce the amount of the Muskrat Falls Power Purchase
17 Agreement cost recovery credited to the balance in the Supply Cost Variance Deferral
18 Account by approximately \$2.4 million for the month of July 2022 and \$2.3 million for
19 the month of August 2022.