

1 Q. **Reference: Schedule 1**

2 It is stated (page 12) *“Based on Newfoundland Power’s forecast of power purchases from Hydro*
 3 *for 2025, pending approval of the proposals in this application and an effective date of January*
 4 *1, 2025, Hydro’s billed revenue and Newfoundland Power’s power purchase expense are*
 5 *estimated to be approximately \$11.8 million less in 2025 and \$6.8 million less in 2026, as shown*
 6 *in Table 9. These calculations are estimates, based on the load forecast provided by*
 7 *Newfoundland Power; therefore, actual results may differ.”*

8 a) Please provide a table comparing: 1) 2019 Test Year sales to NP, 2) Hydro’s current forecast
 9 of sales to NP in 2025 and 2026, and 3) NP’s forecast of power purchases from Hydro in
 10 2025 and 2026.

11 b) How would the SCVDA be impacted by the reductions in NP’s power purchase expenses in
 12 2025 and 2026 under the proposed wholesale rate?

13 c) If NP’s power purchase quantities are the same as that included in the 2019 Test Year,
 14 would NP’s power purchase expense be the same under the new wholesale rate as under
 15 the current wholesale rate?

16 d) For 2025 and 2026, please provide a comparison of NP’s power purchase expense and
 17 revenues from sales to its retail customers based on the 2019 Test Year forecast, NP’s
 18 current load forecast, a 1% increase in retail sales relative to NP’s current load forecast and
 19 a 1% reduction in retail sales relative to NP’s load forecast.

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 21
 22 A. a) Table 1 provides the energy sales to Newfoundland Power Inc. (“Newfoundland Power”).

Table 1: Energy Sales to Newfoundland Power

Forecast	2019 Test Year ¹	2025 Forecast	2026 Forecast
Newfoundland and Labrador Hydro (MWh) ²	5,800,700	5,857,390	5,938,912
Newfoundland Power (MWh) ³	N/A	5,903,700	5,862,100

¹ “2017 GRA Compliance Application,” Newfoundland and Labrador Hydro, July 11, 2019, exh. 7, app. B.

² 2025 and 2026 sales based on Hydro’s internal forecast as at June 2024.

³ “2025–2026 General Rate Application,” Newfoundland Power Inc., December 12, 2023, Customer, Energy Demand Forecast, vol 2, tab 3, app. C.

1 **b)** Sales in excess of or below Newfoundland Power’s forecast in the 2019 Test Year are
2 captured in the Load Variation – Utility component of the Supply Cost Variance Deferral
3 Account (“SCVDA”).

4 The firm load variation is determined based on the revenue variation for firm energy sales
5 compared with the test year Cost of Service Study firm sales. Forecasted Load Variation
6 activity for 2025 is presented in Attachment 1, Supply Cost Variance Deferral Account, Load
7 Variation – Utility, 2025 Forecast; and, Supply Cost Variance Deferral Account, Load
8 Variation – Utility, 2026 Forecast presented in Attachment 2 under the existing wholesale
9 rate and proposed rates. If 2026 is a test year in Newfoundland and Labrador Hydro’s
10 (“Hydro”) general rate application, the forecast activity in the Load Variation – Utility
11 component of the SCVDA for 2026 will be zero, since forecast load and test year load will
12 equal.

13 Given the second block rate for Newfoundland Power is based on Hydro’s marginal cost to
14 supply the energy, the overall impact on the SCVDA would be zero, or close to zero, if the
15 forecast marginal cost in the rate reflects actual results. Under the current rate structure, as
16 the load increases, the additional revenue in the Load Variation – Utility component of the
17 SCVDA is offset by additional fuel costs. Under the proposed rate structure, the additional
18 revenue in the Load Variation – Utility component of the SCVDA will be offset by reduced
19 export sales in the Net Revenue from Exports Variance component of the SCVDA.

20 **c)** If Newfoundland Power’s purchase quantities are the same as that included in the 2019 Test
21 Year, their power purchase expense would be the same under the proposed wholesale rate
22 as under the existing wholesale rate. Please refer to Table 4⁴ and Table 8⁵ in Hydro’s
23 Application for Adjustment to Wholesale Utility Rate.

24 **d)** This question is more suitable for Newfoundland Power to address in its 2024 Wholesale
25 Rate Flow-Through Application proceeding. Please refer to Newfoundland Power’s response

⁴ “Application for Adjustment to Wholesale Utility Rate,” Newfoundland and Labrador Hydro, rev. September 25, 2024 (originally filed September 16, 2024), sch. 1, sec. 2.3.1, p. 8.

⁵ “Application for Adjustment to Wholesale Utility Rate,” Newfoundland and Labrador Hydro, rev. September 25, 2024 (originally filed September 16, 2024), sch. 1, sec. 2.3.1, p. 11.

1 to part d) of CA-NP-003, scheduled to be filed with the Board of Commissioners of Public
2 Utilities on October 16, 2024.

Supply Cost Variance Deferral Account
 Load Variation - Utility
 2025 Forecast

	Existing					Proposed				
	Cost of Service Sales (kWh)	Forecasted Sales ¹ (kWh)	Sales Variance (kWh) (A - B)	Firm Energy Rate (\$/kWh)	Load Variation (\$ (C x D))	Cost of Service Sales (kWh)	Forecasted Sales ¹ (kWh)	Sales Variance (kWh) (A - B)	Firm Energy Rate (\$/kWh)	Load Variation (\$ (C x D))
January	715,400,000	741,829,000	(26,429,000)	0.18165	(4,800,828)	715,400,000	741,829,000	(26,429,000)	0.09698	(2,563,084)
February	648,500,000	673,203,000	(24,703,000)	0.18165	(4,487,300)	648,500,000	673,203,000	(24,703,000)	0.09698	(2,395,697)
March	646,000,000	658,748,000	(12,748,000)	0.18165	(2,315,674)	646,000,000	658,748,000	(12,748,000)	0.09698	(1,236,301)
April	527,700,000	541,500,000	(13,800,000)	0.18165	(2,506,770)	527,700,000	541,500,000	(13,800,000)	0.03354	(462,852)
May	421,700,000	441,688,000	(19,988,000)	0.18165	(3,630,820)	421,700,000	441,688,000	(19,988,000)	0.03354	(670,398)
June	345,200,000	342,401,000	2,799,000	0.18165	508,438	345,200,000	342,401,000	2,799,000	0.03354	93,878
July	307,900,000	309,537,000	(1,637,000)	0.18165	(297,361)	307,900,000	309,537,000	(1,637,000)	0.03354	(54,905)
August	300,500,000	313,042,000	(12,542,000)	0.18165	(2,278,254)	300,500,000	313,042,000	(12,542,000)	0.03354	(420,659)
September	314,500,000	304,931,000	9,569,000	0.18165	1,738,209	314,500,000	304,931,000	9,569,000	0.03354	320,944
October	413,700,000	404,262,000	9,438,000	0.18165	1,714,413	413,700,000	404,262,000	9,438,000	0.03354	316,551
November	495,500,000	517,389,000	(21,889,000)	0.18165	(3,976,137)	495,500,000	517,389,000	(21,889,000)	0.03354	(734,157)
December	664,100,000	655,170,000	8,930,000	0.18165	1,622,135	664,100,000	655,170,000	8,930,000	0.09698	866,031
	5,800,700,000	5,903,700,000	(103,000,000)		(18,709,950)	5,800,700,000	5,903,700,000	(103,000,000)		(6,940,648)

Additional Activity in SCVDA resulting from change in Sales to Newfoundland Power

Hydro Generation Station Fuel Cost Variance 18,709,950
 Net Impact on the SCVDA Balance -

Additional Activity in SCVDA resulting from change in Sales to Newfoundland Power

Net Revenue from Exports Variance 6,940,648
 Net Impact on the SCVDA Balance -

¹ Newfoundland Power's load forecast is used for illustrative purposes.

Supply Cost Variance Deferral Account
 Load Variation - Utility
 2026 Forecast

	Existing					Proposed				
	Cost of Service Sales (kWh)	Forecasted Sales ¹ (kWh)	Sales Variance (kWh) (A - B)	Firm Energy Rate (\$/kWh)	Load Variation (\$ (C x D))	Cost of Service Sales (kWh)	Forecasted Sales ¹ (kWh)	Sales Variance (kWh) (A - B)	Firm Energy Rate (\$/kWh)	Load Variation (\$ (C x D))
January	715,400,000	733,861,000	(18,461,000)	0.18165	(3,353,441)	715,400,000	733,861,000	(18,461,000)	0.09698	(1,790,348)
February	648,500,000	681,104,000	(32,604,000)	0.18165	(5,922,517)	648,500,000	681,104,000	(32,604,000)	0.09698	(3,161,936)
March	646,000,000	654,196,000	(8,196,000)	0.18165	(1,488,803)	646,000,000	654,196,000	(8,196,000)	0.09698	(794,848)
April	527,700,000	531,417,000	(3,717,000)	0.18165	(675,193)	527,700,000	531,417,000	(3,717,000)	0.03354	(124,668)
May	421,700,000	443,398,000	(21,698,000)	0.18165	(3,941,442)	421,700,000	443,398,000	(21,698,000)	0.03354	(727,751)
June	345,200,000	339,663,000	5,537,000	0.18165	1,005,796	345,200,000	339,663,000	5,537,000	0.03354	185,711
July	307,900,000	307,406,000	494,000	0.18165	89,735	307,900,000	307,406,000	494,000	0.03354	16,569
August	300,500,000	302,533,000	(2,033,000)	0.18165	(369,294)	300,500,000	302,533,000	(2,033,000)	0.03354	(68,187)
September	314,500,000	304,455,000	10,045,000	0.18165	1,824,674	314,500,000	304,455,000	10,045,000	0.03354	336,909
October	413,700,000	407,631,000	6,069,000	0.18165	1,102,434	413,700,000	407,631,000	6,069,000	0.03354	203,554
November	495,500,000	514,510,000	(19,010,000)	0.18165	(3,453,167)	495,500,000	514,510,000	(19,010,000)	0.03354	(637,595)
December	664,100,000	641,926,000	22,174,000	0.18165	4,027,907	664,100,000	641,926,000	22,174,000	0.09698	2,150,435
	5,800,700,000	5,862,100,000	(61,400,000)		(11,153,310)	5,800,700,000	5,862,100,000	(61,400,000)		(4,412,155)

Additional Activity in SCVDA resulting from change in Sales to Newfoundland Power

Hydro Generation Station Fuel Cost Variance Impact of SCVDA Balance	11,153,310
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Additional Activity in SCVDA resulting from change in Sales to Newfoundland Power

Net Revenue from Exports Variance Impact of SCVDA Balance	4,412,155
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¹ Newfoundland Power's load forecast is used for illustrative purposes.