

1 Q. Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of  
2 Laurence D. Booth, September 28, 2021, page 51, lines 1-7.

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4 *“In 2019 I provided evidence before the Island Regulatory and Appeals*  
5 *Commission of PEI (IRAC) on Maritime Electric. Of relevance is that*  
6 *Charlottetown has almost the highest customer rates in Canada which are*  
7 *significantly higher than NP’s current rates yet there was no discussion of*  
8 *Maritime Electric’s customers cutting the power cord and switching to*  
9 *alternative fuels. In fact, quite the opposite. At Schedule 5 is an extract from*  
10 *Concentric Energy’s report on Maritime Electric’s business risk from*  
11 *alternative fuels. They note that customers are switching from fuel oil to*  
12 *electricity using heat pumps.”*

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14 **How does the adoption of heat pumps and resulting impact on energy sales**  
15 **for Maritime Electric compare to the adoption of heat pumps and**  
16 **resulting impact on energy sales for Newfoundland Power?**

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19 A. In PEI the shift is from oil to electric heat pumps and additional sales whereas  
20 in Newfoundland it may be a switch from more expensive electricity  
21 generation to heat pumps. However, the point is that even in PEI with  
22 currently higher electricity costs the utility still captures energy sales from  
23 alternative fuels. If the energy charge is lower for NP due to electric  
24 replacement, rather than new service, the utility can still ask for a change in  
25 rate design to increase the fixed charge component.