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We'll be there.



July 17, 2024

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

**Re: Approval of Compliance with Order No. P.U. 16 (2024) and Customer Rates
effective August 1, 2024**

Application Overview

In Order No. P.U. 16 (2024) (the "August 1 Rate Order"), the Board of Commissioners of Public Utilities (the "Board") made determinations on proposals contained in, and matters arising from, Newfoundland Power Inc.'s ("Newfoundland Power" or the "Company") June 12, 2024 application for customer rates to be effective as of July 1, 2024 (the "Original Application"). Reasons for Decision in relation to the August 1 Rate Order have not yet been issued.

Enclosed is an application made in compliance with the directions of the Board in the August 1 Rate Order (the "Application"). The Application proposes an average increase to customer bills of approximately 7.0%, effective August 1, 2024. The impact on customer bills will vary by customer and rate class. The Application will also result in an unrecovered balance of \$18.8 million in Newfoundland Power's Rate Stabilization Account ("RSA") at March 31, 2024.

Commentary

The proposed customer electricity rates contained in the Original Application were determined in accordance with the Rate Stabilization Clause included in the Company's *Schedule of Rates, Rules & Regulations*. The principal purpose of the Rate Stabilization Clause is to ensure variations in Newfoundland Power's purchased power costs from the amount reflected in base customer rates are recovered from, or credited to, customers in a timely manner.

Although the Reasons for Decision have not yet been issued, the August 1 Rate Order raises concerns for Newfoundland Power.

Newfoundland Power Inc.

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There remains uncertainty as to when the \$18.8 million balance in the RSA will be recovered. The Company has presented evidence to the Board that increased power supply requirements and related costs are forecast to be sustained in the future. Annual increases associated with Newfoundland and Labrador Hydro's rate mitigation plan, along with proposed increases associated with the Company's *2025/2026 General Rate Application* are likely to result in a customer rate increase of over 7% effective July 1, 2025. As such, the \$18.8 million unrecovered RSA balance may remain unrecovered until July 1, 2026 or later.

The timely recovery of Newfoundland Power's costs, including its power supply costs, is required to maintain the Company's sound credit rating, as required by the *Electrical Power Control Act, 1994*. As outlined in the response to Request for Information NLH-NP-001, a lengthy deferral of cost recovery at Newfoundland Power would be viewed as a credit negative by Moody's Investor Services.

Practically, carrying the \$18.8 million RSA balance will impact both the Company's debt and equity financing requirements in the coming years. For example, additional borrowings will be required under Newfoundland Power's credit facilities. Further, additional credit facility capacity may be needed in order to finance its day-to-day customer operations.

Customer Rate Impacts

The enclosed Application is prepared in compliance with the August 1 Rate Order. The 7.0% increase in customer electricity rates is the result of:

1. A 2.3% increase due to Hydro's updated wholesale rate adjustments;
2. A 4.7% increase due to: (i) the partial recovery of the increase in Newfoundland Power's RSA balance, reflecting higher purchased power costs paid by the Company to Hydro in 2023; and (ii) the approved update to its Municipal Tax Adjustment factor; and
3. An unrecovered balance of \$18.8 million in Newfoundland Power's RSA at March 31, 2024.

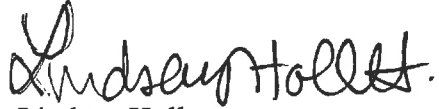
Further details of the proposed changes to existing customer rates and the *Schedule of Rates, Rules & Regulations* can be found in the report *Proposed Changes to Customer Rates* included as Schedule 1 to the Application.

Newfoundland Power Inc.

Board of Commissioners
of Public Utilities
July 17, 2024
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We trust that the foregoing and enclosed are found to be in order. If you have any questions, please contact the undersigned.

Yours truly,



Lindsay Hollett
Senior Legal Counsel

Enclosures

cc. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis M. Browne, K.C.
Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.

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IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application pursuant to section 70 of the Act (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of: (i) the rate stabilization adjustment for the period July 1, 2024 to June 30, 2025 to be applied to electricity rates with effect on August 1; and (ii) a schedule of customer electricity rates (“Customer Rates”) for Newfoundland Power, to be effective on August 1, 2024.

TO: The Board of Commissioners of Public Utilities (the “Board”)

THE APPLICATION OF Newfoundland Power SAYS THAT:

A. Background

1. Newfoundland Power is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is subject to the provisions of the *Electrical Power Control Act, 1994* (the “EPCA”).
2. The Act provides that the Board has the general supervision of public utilities and requires that a public utility, in effect, submit for the approval of the Board the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. By Order No. P.U. 34 (1985), the Board approved Newfoundland Power’s establishment of a Rate Stabilization Account (“RSA”). The Rate Stabilization Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the balance in the RSA and the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
4. By Order No. P.U. 17 (1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but collected through a Municipal Tax Adjustment (“MTA”) factor included in the rates of Newfoundland Power. The Municipal Tax Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA factor.
5. On May 7, 2024, the Government of Newfoundland and Labrador issued Order in Council OC2024-062 requiring Newfoundland and Labrador Hydro (“Hydro”) to

structure its applications for utility rate increases such that the retail rate increases to domestic rate class customers attributable to Hydro's costs are targeted at 2.25% per year, up to and including 2030.

6. On May 28, 2024, Hydro filed an application to increase the utility rate effective July 1, 2024, targeting the 2.25% customer rate increase to the domestic rate class, consistent with Order in Council OC2024-062. Hydro's application included revisions to its Rate Stabilization Plan ("RSP") Current Plan Adjustment, Conservation and Demand Management ("CDM") Cost Recovery Adjustment, and Project Cost Recovery Rider (collectively, the "Wholesale Rate Adjustments").
7. On June 12, 2024, Newfoundland Power filed an application requesting that the Board approve the Rate Stabilization Adjustment of 2.448 ¢/kWh and the MTA factor of 1.02407 to be applied to all bills based on electrical consumption on and after July 1, 2024 and a revised schedule of rates, tolls and charges to be effective on all electricity consumption on and after July 1, 2024.
8. On July 10, 2024, the Board issued Order No. P.U. 15 (2024) approving Hydro's proposed Wholesale Rate Adjustments.

B. The August 1 Rate Order

9. On July 10, 2024, the Board issued Order No. P.U. 16 (2024) (the "August 1 Rate Order"). The August 1 Rate Order approved Newfoundland Power's proposed MTA factor of 1.02407 to be applied to customer rates for the period of August 1, 2024 to June 30, 2025.
10. The August 1 Rate Order ordered the Company to:
 - (i) file a revised Rate Stabilization Adjustment that would recover only the portion of the RSA balance at March 31, 2024 that would provide for an overall average customer rate increase effective August 1, 2024 of approximately 7.0%;
 - (ii) maintain the unrecovered portion of the Company's RSA balance at March 31, 2024 in the RSA; and
 - (iii) file a revised schedule of rates, tolls and charges reflecting the Board's decisions in the August 1 Rate Order, to be effective on all electrical consumption on and after August 1, 2024.

C. The Rate Stabilization Adjustment

11. The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect the accumulated balance in the RSA as of March 31st of the current year and any change in the utility rate charged by Hydro to Newfoundland Power as a result of revisions to

Hydro's Wholesale Rate Adjustments.

12. In compliance with the August 1 Rate Order, the Company has reduced the RSA balance at March 31, 2024 to be included in the Rate Stabilization Adjustment by \$18.8 million (the "Unrecovered Balance"). The Unrecovered Balance will be maintained in the RSA account.

D. Schedules to the Application

13. Schedule 1 to this Application outlines the methodology used by Newfoundland Power to modify its Customer Rates in accordance with the August 1 Rate Order, including: (i) the approved MTA factor of 1.02407; and (ii) the revised Rate Stabilization Adjustment.
14. Schedule 2 presents the calculation of the revised Rate Stabilization Adjustment of 2.132 ¢/kWh to be used by Newfoundland Power in billing customers for the period August 1, 2024 to June 30, 2025.
15. Schedule 3 sets out the revised Customer Rates proposed by Newfoundland Power to be effective on all electrical consumption on and after August 1, 2024.

E. Order Requested

16. Further to the matters described in paragraphs 9 through 15 hereof, Newfoundland Power requests that the Board approve:
 - (i) the Rate Stabilization Adjustment of 2.132 ¢/kWh as set out in Schedule 2 of the Application, to be applied to all bills based on electrical consumption on and after August 1, 2024; and
 - (ii) pursuant to section 70(1) of the Act, the schedule of rates, tolls and charges to be effective on all electrical consumption on and after August 1, 2024 as set out in Schedule 3 to the Application.

F. Communications

17. Communications with respect to the Application should be sent to Lindsay Hollett, Senior Legal Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland and Labrador, this 17th day of July, 2024.

NEWFOUNDLAND POWER INC.

A handwritten signature in black ink, appearing to read "Lindsay Hollett". The signature is fluid and cursive, with a period at the end.

Lindsay Hollett
Senior Legal Counsel to Newfoundland Power
Newfoundland Power Inc.
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IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

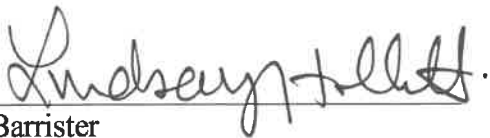
IN THE MATTER OF an application pursuant to section 70 of the Act (the “Application”) by Newfoundland Power Inc. for approval of: (i) the rate stabilization adjustment for the period July 1, 2024 to June 30, 2025 to be applied to electricity rates with effect on August 1; and (ii) a schedule of customer electricity rates for Newfoundland Power to be effective on August 1, 2024.

AFFIDAVIT

I, Brian Menchenton, of the City of St. John’s, in the Province of Newfoundland and Labrador, Chartered Professional Accountant, make oath and say as follows:

1. THAT I am the Director, Business and Regulatory Affairs of Newfoundland Power Inc.
2. THAT I have read and understand the foregoing Application.
3. THAT to the best of my knowledge, information and belief, all matters, facts and things set out in the Application are true.

SWORN TO before me at St. John’s
in the Province of Newfoundland and Labrador
this 17th day of July 2024:


Barrister


Brian Menchenton, CPA

IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the “Act”); and

IN THE MATTER OF an application pursuant to Section 70 of the Act (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of: (i) the rate stabilization adjustment for the period July 1, 2024 to June 30, 2025 to be applied to electricity rates with effect on August 1; and (ii) a schedule of customer electricity rates (“Customer Rates”) for Newfoundland Power to be effective on August 1, 2024.

**Proposed Changes to Customer Rates
Effective August 1, 2024**

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1.0 Background

Newfoundland Power Inc.'s ("Newfoundland Power" or the "Company") electricity rates ("Customer Rates") are adjusted each year, effective July 1st. The annual adjustment to Customer Rates is required to incorporate: (i) an updated Rate Stabilization Adjustment; and (ii) an updated Municipal Tax Adjustment ("MTA") factor.¹

The annual July 1st rate adjustment corresponds to the annual change to the wholesale electricity rate (the "Utility Rate") charged by Newfoundland and Labrador Hydro ("Hydro") to Newfoundland Power. The Utility Rate is adjusted each July 1st as a result of the operation of Hydro's Rate Stabilization Plan ("RSP"), its Conservation and Demand Management ("CDM") Cost Recovery Adjustment and its Project Cost Recovery Rider (collectively, the "Wholesale Rate Adjustments").²

On May 7, 2024, the Government of Newfoundland and Labrador issued Order in Council OC2024-062 requiring Hydro to structure its applications for utility rate increases such that the retail rate increases to domestic rate class customers attributable to Hydro's costs are targeted at 2.25% per year up to and including 2030.

On May 28, 2024, Hydro filed an application to revise the Utility Rate effective July 1, 2024. The application included revisions to each of its Wholesale Rate Adjustments and resulted in a 2.25% customer rate increase to the domestic rate class, consistent with Order in Council OC2024-062. The Board approved Hydro's application in Order No. P.U. 15 (2024).

On June 12, 2024, Newfoundland Power filed an application requesting that the Board approve the Rate Stabilization Adjustment of 2.448 ¢/kWh and the MTA factor of 1.02407 to be applied to customer rates from July 1, 2024 to June 30, 2025.

On July 10, 2024, the Board issued Order No. P.U. 16 (2024) (the "August 1 Rate Order") approving Newfoundland Power's proposed MTA factor of 1.02407 to be applied to customer rates for the period of August 1, 2024 to June 30, 2025. The August 1 Rate Order ordered the Company to:

- (i) file a revised Rate Stabilization Adjustment that would recover only the portion of the Rate Stabilization Account ("RSA") balance at March 31, 2024 that would provide for an overall average customer rate increase effective August 1, 2024 of approximately 7.0%;
- (ii) maintain the unrecovered portion of the Company's RSA balance at March 31, 2024 in the RSA; and

¹ See the Rate Stabilization Clause and the Municipal Tax Clause in the *Newfoundland Power Schedule of Rates, Rules & Regulations*, effective July 1, 2023.

² The Utility Rate consists of: (i) a base rate and (ii) the Wholesale Rate Adjustments.

- (iii) file a revised schedule of rates, tolls and charges reflecting the Board’s decisions in the August 1 Rate Order, to be effective on all electrical consumption on and after August 1, 2024.

Customer Rates currently reflect a Rate Stabilization Adjustment of 1.180 ¢/kWh and an MTA factor of 1.02472. Newfoundland Power’s current customer rates were approved by the Board in Order No. P.U. 17 (2023) and became effective July 1, 2023.

The August 1, 2024 rate change requested in this Application is based upon: (i) the approved MTA factor of 1.02407; and (ii) the revised Rate Stabilization Adjustment calculated in accordance with the August 1 Rate Order. The relevant calculations for the revised Rate Stabilization Adjustment are provided in Schedule 2.

2.0 Municipal Tax Adjustment and Rate Stabilization Account Rate Change

2.1 Municipal Tax Adjustment Factor

The Municipal Tax Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA factor. The MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities. Customer Rates currently reflect an MTA factor of 1.02472. In the August 1 Rate Order, the Board approved an MTA factor of 1.02407 to be applied to all bills based on electrical consumption for the period of August 1, 2024 to June 30, 2025.

2.2 Rate Stabilization Adjustment

The Rate Stabilization Adjustment is recalculated on July 1st of each year to reflect any change in Hydro’s Wholesale Rate Adjustments and the accumulated balance in Newfoundland Power’s RSA as of March 31st of the current year. A breakdown of Hydro’s proposed July 1, 2024 rate adjustments is provided in Table 1.³

Table 1
Hydro’s Wholesale Rate Adjustments
(¢/kWh)

	Existing	Change	Proposed
RSP Current Plan Adjustment	0.496	(0.035)	0.461
CDM Cost Recovery Adjustment	0.015	0.002	0.017
Muskrat Falls Project Cost Recovery Rider	0.798	0.326	1.124
Total Rate Adjustments	1.309	0.293	1.602

³ See Hydro’s *Application for July 1, 2024 Utility Rate Adjustments, Schedule 1 – Evidence Supporting Proposed Utility Rate Adjustments, Section 4.0 – Project Cost Recovery Rider*, Page 4, Table 1.

Hydro's proposed Wholesale Rate Adjustments total 1.602 ¢/kWh.

The 0.293 ¢/kWh increase in Hydro's July 1, 2024 rate adjustments translates to a 0.309 ¢/kWh increase in the Rate Stabilization Adjustment for Newfoundland Power's customers.⁴

Table 2 provides the proposed Rate Stabilization Adjustment.

Table 2
Rate Stabilization Adjustment
(¢/kWh)

	Existing	Change	Proposed
Rate Stabilization Adjustment	1.180	0.952	2.132

The Application proposes a Rate Stabilization Adjustment of 2.132 ¢/kWh for the period July 1, 2024 to June 30, 2025 to be applied to electricity rates with effect on August 1, 2024.

The total change in the Rate Stabilization Adjustment of 0.952 ¢/kWh is 0.643 ¢/kWh higher than the total impact of Hydro's July 1, 2024 rate adjustments of 0.309 ¢/kWh.⁵ The difference is due to an increase in the balance of Newfoundland Power's RSA as of March 31, 2024 relative to the balance reflected in existing Customer Rates.

The balance in the RSA increased from \$5.1 million owing to customers as of March 31, 2023 to \$51.7 million owing from customers as of March 31, 2024, reflecting higher power supply costs paid by Newfoundland Power to Hydro in 2023.⁶

⁴ The 0.016 difference exists because Hydro's Wholesale Rate Adjustments are computed using Hydro energy sales to Newfoundland Power while Newfoundland Power's Rate Stabilization Adjustment is computed using Newfoundland Power energy sales to customers.

⁵ $0.952 \text{ ¢/kWh} - 0.309 \text{ ¢/kWh} = 0.643 \text{ ¢/kWh}$.

⁶ The principal purpose of the RSA is to ensure variations in the Company's purchased power costs from the amount reflected in base customer rates are recovered in a timely manner.

In compliance with the August 1 Rate Order, the Company has reduced the RSA balance at March 31, 2024 to be included in the Rate Stabilization Adjustment by \$18.8 million (the “Unrecovered Balance”).⁷ The Unrecovered Balance will be maintained in the RSA Account. The partial recovery of the increase in the RSA translates to a Rate Stabilization Adjustment impact of 0.643 ¢/kWh.⁸

Schedule 2 of the Application sets out the calculation of the proposed Rate Stabilization Adjustment.

3.0 Proposed Rates

Appendix A to this report shows the conversion of the base rates to Customer Rates.⁹ The proposed Customer Rates include the approved MTA factor of 1.02407 and the proposed Rate Stabilization Adjustment of 2.132 ¢/kWh.

In converting base rates to Customer Rates, the Rate Stabilization Adjustment has been applied to the energy charges in each rate classification. The MTA factor is applied to all rate components. The calculation of final rates also incorporates a calculation to account for the effect of the early payment discount.

Appendix B to this report provides a summary of existing and proposed Customer Rates.

⁷ The unrecovered balance of \$18.8 million represents one-third of the \$56.8 million increase in the RSA account from March 31, 2023 to March, 31 2024, which translates to a customer rate impact of 2.3% on August 1, 2024.

⁸ The increase in the RSA balance translates to a Rate Stabilization Adjustment impact of 0.643 ¢/kWh as follows:

		March 31, 2024	March 31, 2023
Balance in RSA (\$)	A	51,726,434	(5,082,749)
Unrecovered Balance	B	(18,800,000)	-
Energy sales (kWh)	C	5,946,357,000	5,718,811,000
Rate Stabilization Adjustment impact (¢/kWh)	D = (A+B)/C	0.554	(0.089)
Difference (¢/kWh)		0.554 – (0.089) = 0.643	

⁹ The current base rates reflect Newfoundland Power’s 2023 test year revenue requirement which was approved by the Board in Order No. P.U. 3 (2022).

4.0 Customer Impact

Table 3 shows a reconciliation of existing customer billings to proposed customer billings.

Table 3
Average Customer Rate Change
(\$000s)

	Existing¹⁰	Change	Proposed
Revenue from Rates	735,704	-	735,704
RSA	70,609	56,965	127,574
MTA	19,881	851	20,732
Customer Billings	<u>826,194</u>	<u>57,816</u>	<u>884,010</u>
Change			<u>57,816</u>
Change (%)			7.0%

The impact on Customer Rates of the change in the proposed Rate Stabilization Adjustment and the approved MTA factor is an average increase of 7.0 %.

The 7.0% increase in Customer Rates is the result of:

- (i) a 2.3% increase reflecting Hydro's updated Wholesale Rate Adjustments;
- (ii) a 4.7% increase reflecting the partial recovery of the increase in Newfoundland Power's RSA balance and update to its MTA factor; and
- (iii) the Unrecovered Balance of \$18.8 million in Newfoundland Power's RSA at March 31, 2024.

Individual customer impacts will vary depending on usage.¹¹

Appendix C to this report provides the average customer impacts by rate class.

¹⁰ Existing customer billings reflect 2024 forecast customer billings.

¹¹ The impact of the increase in the Rate Stabilization Adjustment is comparatively lower for the Street and Area Lighting class, since the cost of purchased energy comprises a much smaller percentage of the cost of serving that class.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.42	$\$15.42 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$15.79
Exceeding 200 Amp Service	\$20.30	Final Not Exceeding 200 Amp Service B.C.C. plus \$5	\$20.79
Energy Charge - All kilowatt hours (¢/kWh)	11.738	$[11.738 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	14.237
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.42	Same as B.C.C.	\$15.79
Exceeding 200 Amp Service	\$20.30	Same as B.C.C.	\$20.79
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.42	Same as Rate 1.1 B.C.C	\$15.79
Exceeding 200 Amp Service	\$20.30	Same as Rate 1.1 B.C.C	\$20.79
Energy Charge (¢/kWh)			
Winter Seasonal	12.691	Same as Rate 1.1 Customer Energy Charge + 0.953	15.190
Non-Winter Seasonal	10.441	Same as Rate 1.1 Customer Energy Charge - 1.297	12.940
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.42	Same as B.C.C	\$15.79
Exceeding 200 Amp Service	\$20.30	Same as B.C.C	\$20.79
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Unmetered	\$11.60	Final B.C.C Single Phase minus \$8	\$11.88
Single Phase	\$19.41	$\$19.41 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$19.88
Three Phase	\$31.13	Final B.C.C Single Phase plus \$12	\$31.88
Demand Charge (per kW)			
Winter	\$9.47	Other Demand Charge plus \$2.50	\$9.70
Other	\$7.03	$\$7.03 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$7.20
Energy Charge (¢/kWh)			
First 3,500 kWh	11.602	$[11.602 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	14.098
All Excess kWh	8.717	$[8.717 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	11.143
Maximum Energy Charge (¢/kWh)	20.167 + B.C.C.	$[20.167 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	22.869 + B.C.C.
Minimum Monthly Charge			
Unmetered	\$11.60	Same as B.C.C. Unmetered	\$11.88
Single Phase	\$19.41	Same as B.C.C. Single Phase	\$19.88
Three Phase	\$31.13	Same as B.C.C. Three Phase	\$31.88

¹ Customer Rates calculated based upon July 1, 2024 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor effective August 1, 2024.

**Newfoundland Power Inc.
Conversion of Base Rates to Customer Rates¹**

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	\$47.67	$\$47.67 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$48.82
Demand Charge (per kVA)			
Winter	\$7.95	Other Demand Charge plus \$2.50	\$8.14
Other	\$5.51	$\$5.51 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$5.64
Energy Charge (¢/kWh)			
First 150 kWh/kVA of billing demand (max. 50,000 kWh)	9.871	$[9.871 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	12.325
All Excess kWh	7.961	$[7.961 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	10.369
Maximum Energy Charge (¢/kWh)	20.167 + B.C.C.	$[20.167 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	22.869 + B.C.C.
Minimum Monthly Charge	\$47.67	Same as B.C.C.	\$48.82
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	\$83.07	$\$83.07 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$85.07
Demand Charge (per kVA)			
Winter	\$7.63	Other Demand Charge plus \$2.50	\$7.81
Other	\$5.19	$\$5.19 \times (1 - 0.015) \times 1.02407 \times [1 / (1 - 0.015)]$	\$5.31
Energy Charge (¢/kWh)			
First 75,000 kWh	9.519	$[9.519 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	11.965
All Excess kWh	7.883	$[7.883 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	10.289
Maximum Energy Charge (¢/kWh)	20.167 + B.C.C.	$[20.167 \times (1 - 0.015) + 2.132] \times 1.02407 \times [1 / (1 - 0.015)]$	22.869 + B.C.C.
Minimum Monthly Charge	\$83.07	Same as B.C.C.	\$85.07

¹ Customer Rates calculated based upon July 1, 2024 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor effective August 1, 2024.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class A	Base Rate B	Monthly kWh C	Calculation D	Final Rate E
Rate #4.1: Street and Area Lighting Service²				
<i>High Pressure Sodium</i>				
HPS 100 W Sentinel/Standard	\$17.52	38	$[17.52 + (38 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$18.77
HPS 100 W Post Top	\$18.68	38	$[18.68 + (38 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$19.96
HPS 150 W Sentinel/Standard	\$21.84	60	$[21.84 + (60 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$23.68
HPS 250 W Sentinel/Standard	\$31.08	105	$[31.08 + (105 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$34.12
HPS 400 W Sentinel/Standard	\$43.60	163	$[43.60 + (163 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$48.21
<i>Light Emitting Diode</i>				
LED 100 W Sentinel/Standard	\$15.48	18	$[15.48 + (18 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$16.25
LED 150 W Sentinel/Standard	\$17.43	28	$[17.43 + (28 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$18.46
LED 250 W Sentinel/Standard	\$21.10	40	$[21.10 + (40 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$22.48
LED 400 W Sentinel/Standard	\$24.36	55	$[24.36 + (55 \times 2.132 \text{ ¢/kWh})] \times 1.02407$	\$26.15
Poles				
Wood	\$5.97		5.97×1.02407	\$6.11
30' Concrete or Metal	\$8.34		8.34×1.02407	\$8.54
45' Concrete or Metal	\$13.80		13.80×1.02407	\$14.13
25' Concrete or Metal, Post Top	\$5.91		5.91×1.02407	\$6.05
Underground Wiring (per run)				
All sizes and types of fixtures	\$14.06		14.06×1.02407	\$14.40

¹ Customer Rates calculated based upon July 1, 2024 Rate Stabilization Adjustment and Municipal Tax Adjustment Factor effective August 1, 2024.

² Early payment discount does not apply to Street and Area Lighting rates.

Newfoundland Power Inc.

**Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)**

	<u>July 1, 2023 Existing Rates</u>	<u>August 1, 2024 Proposed Rates</u>
<u>Domestic - Rate #1.1</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.80/month	\$15.79/month
Exceeding 200 Amp Service	\$20.80/month	\$20.79/month
Energy Charge - All kilowatt hours	13.256 ¢/kWh	14.237 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.80/month	\$15.79/month
Exceeding 200 Amp Service	\$20.80/month	\$20.79/month
Prompt Payment Discount	1.5%	1.5%
 <u>Domestic - Rate #1.1S</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.80/month	\$15.79/month
Exceeding 200 Amp Service	\$20.80/month	\$20.79/month
Energy Charge		
Winter Seasonal	14.209 ¢/kWh	15.190 ¢/kWh
Non-Winter Seasonal	11.959 ¢/kWh	12.940 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.80/month	\$15.79/month
Exceeding 200 Amp Service	\$20.80/month	\$20.79/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

**Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)**

	July 1, 2023 <u>Existing Rates</u>	August 1, 2024 <u>Proposed Rates</u>
<u>G.S. 0-100 kW (110 kVA) - Rate #2.1</u>		
Basic Customer Charge		
Unmetered	\$11.89/month	\$11.88/month
Single Phase	\$19.89/month	\$19.88/month
Three Phase	\$31.89/month	\$31.88/month
Demand Charge Regular	\$9.70/kW - winter \$7.20/kW - other	\$9.70/kW - winter \$7.20/kW - other
Energy Charge		
First 3,500 kilowatt-hours	13.116 ¢/kWh	14.098 ¢/kWh
All excess kilowatt-hours	10.160 ¢/kWh	11.143 ¢/kWh
Maximum Monthly Charge	21.893 ¢/kWh + B.C.C.	22.869 ¢/kWh + B.C.C.
Minimum Monthly Charge		
Unmetered	\$11.89/month	\$11.88/month
Single Phase	\$19.89/month	\$19.88/month
Three Phase	\$31.89/month	\$31.88/month
Prompt Payment Discount	1.5%	1.5%
<u>G.S. 110-1000 kVA - Rate #2.3</u>		
Basic Customer Charge	\$48.85/month	\$48.82/month
Demand Charge	\$8.15/kVA-winter \$5.65/kVA-other	\$8.14/kVA-winter \$5.64/kVA-other
Energy Charge		
First 150 kWh per kVA of demand (max. 50,000)	11.343 ¢/kWh	12.325 ¢/kWh
All Excess kWh	9.385 ¢/kWh	10.369 ¢/kWh
Maximum Monthly Charge	21.893 ¢/kWh + B.C.C.	22.869 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$48.85/month	\$48.82/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

**Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)**

	<u>July 1, 2023 Existing Rates</u>	<u>August 1, 2024 Proposed Rates</u>
<u>G.S. 1000 kVA and Over - Rate #2.4</u>		
Basic Customer Charge	\$85.12/month	\$85.07/month
Demand Charge	\$7.82/kVA-winter \$5.32/kVA-other	\$7.81/kVA-winter \$5.31/kVA-other
Energy Charge		
First 75,000 kWh	10.982 ¢/kWh	11.965 ¢/kWh
All Excess kWh	9.305 ¢/kWh	10.289 ¢/kWh
Maximum Monthly Charge	21.893 ¢/kWh + B.C.C.	22.869 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$85.12/month	\$85.07/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

**Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)**

Street and Area Lighting Rates

		<u>July 1, 2023 Existing Rates</u>	<u>August 1, 2024 Proposed Rates</u>
<u>Fixtures</u>			
<u>Sentinel/Standard</u>			
High Pressure Sodium	100W	\$18.41	\$18.77
	150W	23.11	23.68
	250W	33.12	34.12
	400W	46.65	48.21
Light Emitting Diode	LED 100	\$16.08	\$16.25
	LED 150	18.20	18.46
	LED 250	22.11	22.48
	LED 400	25.63	26.15
<u>Post Top</u>			
High Pressure Sodium	100W	\$19.60	\$19.96
<u>Poles</u>			
Wood		\$6.12	\$6.11
30' Concrete or Metal direct buried		8.55	8.54
45' Concrete or Metal, direct buried		14.14	14.13
25' Concrete or Metal, Post Top, direct buried		6.06	6.05
<u>Underground Wiring (per run)</u>			
All sizes and types of fixtures		\$14.41	\$14.40

Newfoundland Power Inc.

**Average Billing Impacts - Customer Rates
(Billing Amounts include RSA and MTA for July 1, 2024)
(Effective August 1, 2024)
(\$000s)**

Category	Revenue Under <u>Existing Rates</u> (A)¹	Revenue Under <u>Proposed Rates</u> (B)²	<u>Change</u> (C)³	<u>Average Impacts</u> (D)⁴
1.1 Domestic	522,206	557,596	35,390	6.8%
1.1S Domestic Seasonal	1,714	1,825	111	6.5%
Total Domestic	<u>523,920</u>	<u>559,421</u>	<u>35,501</u>	<u>6.8%</u>
2.1 General Service 0-100 kW (110 kVA)	109,270	116,951	7,681	7.0%
2.3 General Service 110-1000 kVA	127,233	137,566	10,333	8.1%
2.4 General Service over 1000 kVA	45,779	49,869	4,090	8.9%
Total General Service	<u>282,282</u>	<u>304,386</u>	<u>22,104</u>	<u>7.8%</u>
4.1 Street and Area Lighting	17,039	17,250	211	1.2%
Forfeited Discounts	2,953	2,953	-	
Total	<u><u>826,194</u></u>	<u><u>884,010</u></u>	<u><u>57,816</u></u>	<u><u>7.0%</u></u>

¹ Column A is the 2024 forecast customer billings under Existing customer rates effective July 1, 2023.

² Column B is the 2024 forecast customer billings under Proposed customer rates effective July 1, 2024.

³ Column C is the difference between forecast under Proposed and Existing rates (Column B - Column A).

⁴ Column D is the forecast rate change as a result of the change in RSA/MTA (Column C / Column A).

**Calculation of the Rate Stabilization Adjustment
for July 1, 2024
(effective August 1, 2024)**

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment for the period July 1, 2024 to June 30, 2025 is calculated as follows:

(i) by removing the previous Rate Stabilization Adjustment of 1.180 cents/kWh; and

(ii) by calculating the new adjustment as follows:

Rate Stabilization Adjustment:

RSP

B1 = Amount billed by Hydro: 4.61 mills/kWh × 5,862,562,543 = \$ 27,026,413

CDM

B2 = Amount billed by Hydro: 0.17 mills/kWh × 5,858,252,958 = \$ 995,903

Muskrat Falls Project Cost Recovery Rider

B3 = Amount billed by Hydro: 11.24 mills/kWh × 5,858,252,958 = \$ 65,846,763

C1 = Balance in the Applicant's RSA at March 31, 2024 = \$ 51,726,434

C2 = Adjustment to the Applicant's RSA to reflect the portion of the RSA balance at March 31, 2024 remaining to be recovered. = \$ (18,800,000)

D = Total Energy Sales by the Applicant from April 1, 2023 to March 31, 2024 = 5,946,357,000 kWh

$$\begin{aligned}
 \text{Rate Stabilization Adjustment} &= \frac{B1 + B2 + B3 + C1 + C2}{D} \\
 &= \frac{\$27,026,413 + \$995,903 + \$65,846,763 + \$51,726,434 + (\$18,800,000)}{5,946,357,000 \text{ kWh}} \\
 &= 0.02132 \text{ \$/kWh or } 2.132 \text{ cents/kWh} \\
 \text{Rate Stabilization Adjustment} &= \mathbf{2.132 \text{ cents/kWh}}
 \end{aligned}$$

NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Not Exceeding 200 Amp Service	\$15.79 per month
Exceeding 200 Amp Service	\$20.79 per month

Energy Charge:

All kilowatt-hours	@14.237¢ per kWh
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Minimum Monthly Charge:

Not Exceeding 200 Amp Service	\$15.79 per month
Exceeding 200 Amp Service	\$20.79 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #1.1S
DOMESTIC SEASONAL - OPTIONAL**

Availability:

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

Rate:

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):

All kilowatt-hours@ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):

All kilowatt-hours@ (1.297)¢ per kWh

Special Conditions:

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Unmetered	\$11.88 per month
Single Phase	\$19.88 per month
Three phase	\$31.88 per month

Demand Charge:

\$9.70 per kW of billing demand in the months of December, January, February and March and \$7.20 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month in excess of 10 kW.

Energy Charge:

First 3,500 kilowatt-hours	@ 14.098¢ per kWh
All excess kilowatt-hours	@ 11.143¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 22.869 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Minimum Monthly Charge:

Unmetered	\$11.88 per month
Single Phase	\$19.88 per month
Three Phase	\$31.88 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$48.82 per month

Demand Charge:

\$8.14 per kVA of billing demand in the months of December, January, February and March and \$5.64 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 50,000 kilowatt-hours@ 12.325¢ per kWh
All excess kilowatt-hours@ 10.369¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 22.869 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 KVA AND OVER

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$85.07 per month

Demand Charge:

\$7.81 per kVA of billing demand in the months of December, January, February and March and \$5.31 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 75,000 kilowatt-hours@ 11.965¢ per kWh
All excess kilowatt-hours@ 10.289¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 22.869 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

	Sentinel/Standard	Post Top
High Pressure Sodium		
100W (8,600 lumens)	\$18.77	\$19.96
150W (14,400 lumens)	23.68	-
250W (23,200 lumens)	34.12	-
400W (45,000 lumens)	48.21	-
 Light Emitting Diode		
LED 100	\$16.25	-
LED 150	18.46	-
LED 250	22.48	-
LED 400	26.15	-
 Special poles used exclusively for lighting service*		
Wood	\$6.11	
30' Concrete or Metal, direct buried	8.54	
45' Concrete or Metal, direct buried	14.13	
25' Concrete or Metal, Post Top, direct buried	6.05	
 Underground Wiring (per run)*		
All sizes and types of fixtures	\$14.40	

* Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**