

Q. (Reference 2025/2026 GRA Compliance Report) Is the difference between the revenue collected by the compliance rate and the rate approved by the Board \$70 million in 2025, and does NP propose to include that amount in the RSA balance and collect it from customers via rate increases on July 1, 2026 and July 1, 2027?

A. Newfoundland Power's RSA balance as of March 31, 2025 is \$70.4 million.¹ If the Rate Stabilization Adjustment effective July 1, 2025 was set to recover the March 31, 2025 RSA balance of \$70.4 million in accordance with the Company's Rate Stabilization Clause, the overall average customer rate increase would be 15.3%.²

Newfoundland Power's proposed Rate Stabilization Adjustment effective July 1, 2025 is set to recover \$0.4 million of the \$70.4 million RSA balance as of March 31, 2025 to limit the overall average customer rate increase to 7.0%.³ The RSA withheld amount of \$70.0 million as of March 31, 2025 will be recovered through future Rate Stabilization Adjustment proposals.⁴

Table 1 demonstrates how the RSA balance as of March 31, 2025 of \$70.4 million will be recovered through customer rates, on a forecast basis.

**Table 1:
Pro Forma RSA Recovery
2025 to 2027
(\$millions)**

	2025	2026PF	2027PF
Balance in RSA as of March 31 st	70.4	72.8	51.3
RSA balance withheld ⁵	70.0	29.0	0.0
Net RSA balance recovered ⁶	0.4	43.8	51.3

¹ See *Application, Schedule 2, 3.0 Rate Stabilization Adjustment*. In the spring of each year, Newfoundland Power proposes a new Rate Stabilization Adjustment to be effective for the upcoming July 1st to June 30th annual period to collect the RSA balance as of March 31st of that year.

² *Ibid.* In that scenario, the \$70.4 million would have been collected over the July 1, 2025 to June 30, 2026 time period. Based on the Company's monthly energy sales year-to-date March 31, 2025, an estimated \$43.0 million would have been collected in 2025, with the remaining \$27.4 million estimated to be collected in 2026.

³ *Ibid.* The \$0.4 million will be collected over the July 1, 2025 to June 30, 2026 time period. Based on the Company's monthly energy sales year-to-date March 31, 2025, an estimated \$0.2 million will be collected in 2025, with the remaining \$0.2 million estimated to be collected in 2026. The difference in 2025 customer billings as a result of the customer rate smoothing adjustment is therefore an estimated decrease of \$42.8 million [\$0.2 million less \$43.0 million outlined in footnote 2].

⁴ Future Rate Stabilization Adjustment proposals are subject to Board approval.

⁵ See *Application, Schedule 2, 3.0 Rate Stabilization Adjustment, Table 3*.

⁶ Calculated by subtracting *RSA balance withheld* from *Balance in RSA*. See *Application, Schedule 2, Appendix C* for the calculation of the Rate Stabilization Adjustment proposed to be effective July 1, 2025. The calculation shows Newfoundland Power's RSA balance as of March 31, 2025 of \$70.4 million and the adjustment to the RSA to reflect the portion of the RSA balance to be withheld at March 31, 2025 of \$70.0 million.

1 Table 4 in Schedule 2 to the Application provides a customer rate forecast over the
2 2025 to 2027 timeframe, which reflects the recovery of the Company’s forecast RSA
3 balances outlined in Table 1 above.