

- 1 **Q. (Reference CA-NP-059) Please provide the calculation for the wheeling rate.**
2
3 A. See Attachment A.

Wheeling Rate Calculation

**Newfoundland Power Inc.
Calculation of Wheeling Rate for Rural Areas
Near Springdale and Baie Verte¹**

Return, depreciation and income taxes	\$	36,516
Allowance for losses		5,868
Operating & Maintenance costs		7,819
Total annual charges	<u>\$</u>	<u>50,203</u>
Kilowatt hours sold at delivery points		10,400,000 kWh
Wheeling rate		4.8 mills per kWh

¹ Based on 1975 data. A rate of 4.8 mills per kWh was approved by the Board to be charged by Newfoundland Power to Newfoundland and Labrador Hydro ("Hydro") in Order No. P.U. 20 (1977).

Almost all of the wheeling amounts charged to Hydro are charged back to Newfoundland Power through Hydro's rural deficit allocation. Per Hydro's 2019 Cost of Service Study, 96% of its rural deficit is charged to Newfoundland Power, which results in higher purchased power expense for the Company. Ultimately, wheeling revenues and the related purchased power expense impact effectively offset in Newfoundland Power's revenue requirement calculations.