

1 **Section 4: Rate Base and Revenue Requirement/Rate Base and Rate of Return on Rate**
2 **Base**

3
4 **Q. References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
5 **December 12, 2023, vol. 1, Evidence, sec. 4.3.4, p. 4-9, f.n. 31 and “2025/2026**
6 **General Rate Application – Additional Information,” Newfoundland Power Inc.,**
7 **December 13, 2023, sch. A, sec. A, p. 2.**

8 **a) Is the 117 GWh related to the electrification of Memorial University’s (“MUN”)**
9 **boilers included in forecast? If not, why not?**

10 **Additional Information, schedule A, section A, page 2 states:**

11 **Following the conversion, MUN’s electric boilers are forecast to add over 100**
12 **GWh in each of 2025 and 2026 to the Company’s purchased energy**
13 **requirements. If the current second block rate is still in place in those years,**
14 **the cost of the purchased energy will more than offset the additional**
15 **revenues.**

16 **b) Please show a detailed calculation for 2025 and 2026 showing the impacts of the**
17 **additional 100 GWh in sales if rates were rebased and the MUN boilers were**
18 **reflected in the load forecast.**

19
20 **A. a) Yes, the 117 GWh in energy sales related to the electrification of Memorial**
21 **University’s boilers is included in the sales forecast.¹**

22
23 **b) See Attachment A for the requested calculation, as well as a calculation using the**
24 **marginal cost of energy in place of the current second block energy rate.**

¹ See response to Request for Information PUB-NP-091.

**Newfoundland Power Inc.
Memorial University – Boiler Electrification Analysis**

Newfoundland Power Inc.
Memorial University - Boiler Electrification Analysis ¹

Current wholesale rate

	Energy (GWh)	Rate (¢/kWh)	2025 (\$M)	2026 (\$M)
Increased energy purchases ²	123	18.165	22.3	22.3
Increased electricity sales ³	117	8.488	9.9	9.9
Net cost (revenue)	A		12.4	12.4

Based on estimate of marginal energy costs

	Energy (GWh)	Rate (¢/kWh)	2025 (\$M)	2026 (\$M)
Increased energy purchases ⁴	123	3.5	4.3	4.3
Increased electricity sales	117	8.488	9.9	9.9
Net cost (revenue)	B		(5.6)	(5.6)
Net cost (revenue) difference ⁵	C = A - B		18.0	18.0

¹ Excludes demand impacts.

² If power supply costs are not rebased, \$13.8 million of the amounts (123 GWh x 11.225 ¢/kWh) would be recovered through the July 1st rate adjustment in the subsequent year.

³ Based on the proposed base excess energy rate for rate class 2.4 1000 kVA & Over.

⁴ Based on a weighted average of marginal energy costs for 2026 included in Hydro's *Marginal Cost Projection 2024 – 2040*, dated December 31, 2022.

⁵ The difference in the overall net cost of the additional energy being costed at 18.165 ¢/kWh vs. 3.5 ¢/kWh is approximately \$18.0 million.