

1 **Q. Reference: Volume I, Schedule A-I; Volume II, Exhibit 4, Section 2.1.1**

2 **a) Provide both Newfoundland Power’s submitted forecast and Hydro’s internal forecast**
3 **for Newfoundland Power for 2026 and 2027, reconcile the two, and identify which is**
4 **reflected in Schedule A-I.**

5 **b) Compare the proposed 2027 rate increases for each Island Interconnected system**
6 **customer class with the estimated rate impacts assuming the Newfoundland Power**
7 **submitted forecast was used in preparing the 2027 Test Year cost of service study.**

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10 **A. a) Table 1 shows the 2025 Spring forecast submitted by Newfoundland Power Inc.**
11 **(“Newfoundland Power”) and Newfoundland and Labrador Hydro (“Hydro”).**

12 **Schedule A-I of Hydro’s 2026 General Rate Application reflects Hydro’s internal 2025**
13 **Reference Case load forecast for Newfoundland Power.**

14 **Both Hydro and Newfoundland Power independently prepare load forecasts of the**
15 **Newfoundland Power System, each with its own methodology and models and each with its**
16 **own set of assumptions and economic drivers. Hydro primarily uses an economic forecast**
17 **developed by the provincial government, whereas Newfoundland Power uses economic**
18 **forecasts prepared by Signal49 Research, formerly The Conference Board of Canada.**

19 **The Newfoundland Power forecast methodology for peak demand is dependent on the**
20 **Newfoundland Power forecast of system energy, with the peak demand forecast derived**
21 **through the application of a constant average load factor that is calculated from historical**
22 **weather-normalized data. This method implicitly assumes that overall system energy**
23 **changes in the forecast period will result in proportional demand changes.**

24 **Hydro’s forecast methodology for peak demand relies on a statistical regression model to**
25 **predict demand; thus, the demand and forecasts for each utility will vary in any given year.**

Table 1: Comparison of Forecasts

	Hydro's Internal 2025 Reference Case Forecast		Newfoundland Power Spring 2025 Forecast	
	2026	2027	2026	2027
Demand (MW) ¹	1,440.6	1,450.3	1,424.1	1,415.2
Energy (GWh) ²	6,032.3	6,014.6	5,849.5	5,821.6

- 1 **b)** Table 2 presents the estimated 2027 Test Year Cost of Service effects of using
2 Newfoundland Power's submitted forecast in place of Hydro's forecast.

Table 2: Incremental 2027 Revenue Requirement Impacts of the Lower Newfoundland Power Forecast

Customer Class	Scenario Revenues (\$)	Cost of Service Before Deficit (\$)	Deficit/ (Surplus) (\$)	Scenario Revenue Requirement (\$)	Filed Revenue Requirement (\$)	Impact (\$)	Impact (%)
Newfoundland Power	636,806,143	573,011,776	63,804,026	636,815,801	636,815,801	-	0.00
Subtotal Newfoundland Power	636,806,143	573,011,776	63,804,026	636,815,801	636,815,801	-	0.00
Island Industrial	43,943,551	43,942,445	-	43,942,445	42,815,548	1,126,897	2.63
Labrador Industrial	9,172,000	9,172,200	-	9,172,200	9,172,200	-	0.00
Rural Interconnected	22,231,036	20,039,019	2,231,316	22,270,335	22,230,560	39,775	0.18
Rural Deficit Areas							
Island Interconnected	68,909,058	88,380,442	(19,471,384)	68,909,058	68,909,058	-	0.00
Island Isolated	1,717,949	10,404,402	(8,686,453)	1,717,949	1,717,949	-	0.00
Labrador Isolated	11,969,343	44,165,488	(32,196,145)	11,969,343	11,969,343	-	0.00
L'Anse-au-Loup	4,077,137	9,758,496	(5,681,359)	4,077,137	4,077,137	-	0.00
Subtotal	86,673,487	152,708,828	(66,035,341)	86,673,487	86,673,487	-	0.00
Total	798,826,215	798,874,268	-	798,874,268	797,707,596	1,166,672	0.15

¹ Newfoundland Power purchases at peak.

² Forecasted purchases by Newfoundland Power from Hydro.

Newfoundland Power's submitted forecast reduces 2027 energy sales from 6,014.582 GWh to 5,821.600 GWh, resulting in a decrease of 192.982 GWh. Demand decreased from 1,450.3 MW to 1,415.2 MW, resulting in a decrease of 35.1 MW

Order in Council OC2024-062 targets annual retail rate increases attributable to Hydro at 2.25% for domestic customers through 2030. Accordingly, this sensitivity would not change the targeted 2.25% domestic increase; therefore, Newfoundland Power's revenue requirement is held at \$636,815,801.

Due to the combined effects of cost reallocations resulting from lower Newfoundland Power load, increased export revenue from additional energy availability, and a reduced requirement for rate mitigation, the overall revenue requirement for Island Industrial customers will increase by approximately \$1.1 million. As a result, the projected revenue decrease for these customers will be reduced from 14.3% to 12.1%.

Reducing Newfoundland Power's load and peaks would shift costs within the Island Interconnected System from Newfoundland Power to Island Industrial customers and the Rural Interconnected customers. The lower energy sales to Newfoundland Power are assumed to be available for monetized exports, resulting in higher projected export revenues that are applied through the Cost of Service and would further reduce allocated costs. However, these lower costs must be offset by a corresponding reduction in the amount of Rate Mitigation applied to the system. The resulting impacts on Newfoundland Power and Island Industrial Customers are summarized in Table 3.

Table 3: Changes to Revenue Requirement for Newfoundland Power and Island Industrial³

	Newfoundland Power Revenue Requirement Change (\$)	Island Industrial Revenue Requirement Change (\$)
Impact of Lower Load Affecting Costs and Allocators	(1,086,487)	1,045,505
Impact of Increased Export Revenue Applied to Cost of Service ⁴	(7,165,816)	(538,338)
Impact of Rate Mitigation Adjustment	8,253,303	619,731
End Result	-	1,126,897

³ Numbers may not add due to rounding.

⁴ The reduction in Newfoundland Power sales is rounded to 192.98 GWh and assumed to be available for monetized exports at [REDACTED], the average 2027 value of monetized exports. This produces an additional export revenue credit of [REDACTED] and increases the credit from [REDACTED]. The additional credit reduces the net costs assigned to customers.