

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	620,996,143	558,323,665	62,672,479	620,996,144	636,815,801	(15,819,658)	(2.48)
Subtotal Newfoundland Power	620,996,143	558,323,665	62,672,479	620,966,144	636,815,801	(15,819,658)	(2.48)
Island Industrial	42,754,226	42,754,226	-	42,754,226	42,815,548	(61,322)	(0.14)
Labrador Industrial	9,172,000	9,172,200	-	9,172,200	9,172,200	-	0.00
Rural Interconnected	22,231,036	20,039,019	2,249,403	22,288,423	22,230,560	57,863	0.26
Rural Deficit Areas							
Island Interconnected	68,909,058	87,266,983	(18,357,925)	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	151,595,369	(64,921,882)	86,673,487	86,673,487	-	0.00
Total	781,823,808	781,884,479	-	781,884,480	797,707,596	(15,823,116)	(1.98)

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

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Please refer to PUB-NLH-005, Attachment 1 for a recalculation of Newfoundland Power's revenue requirement as a result of the lower load. The targeted revenue requirement to achieve a 2.25% rate increase would decrease from \$636,815,801 down to \$620,996,143, representing a \$15,819,568 decrease.

The Industrial customers would not be materially impacted by the change in Newfoundland Power's forecast.

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	(7,567,355)	(568,489)
End Result	(15,819,568)	(61,322)

³ Numbers may not add due to rounding.

⁴ The reduction in Newfoundland Power sales is rounded to [REDACTED] 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.

Newfoundland and Labrador Hydro
Calculation of Utility Customer Base Rates for July 1, 2027
New Base Rate Applied to 2027 Test Year Billing Units

	July 1, 2026				Proposed July 1, 2027 Rates ³	Revised Billings (\$)	Change (\$)	Change Utility (%)	Estimated Change End Customer ⁴ (%)
Billing Units ¹	Unit	Rate Conversion ²	Existing Rates (\$)						
Demand (kW/s)	\$/kW/mo	5.50	90,413,479		5.500	90,413,479			
1st Block - Energy (MWhs)	cents/kWh	11.815	354,450,000		11.815	354,450,000			
2nd Block - Winter Energy (MWhs)	cents/kWh	8.958	127,454,424		8.958	127,454,424			
2nd Block - Non-Winter Energy (MWhs)	cents/kWh	3.480	48,678,240		3.480	48,678,240			
Total Base Rate			620,996,143			620,996,143	-	0.0	0.0
Rate Stabilization Plan Current Plan Adjustment	cents/kWh	0.067	3,900,472		0.067	3,900,472	-	0.0	0.0
CDM Cost Recovery Adjustment	cents/kWh	0.019	1,106,104		0.019	1,106,104	-	0.0	0.0
Project Cost Recovery Rider	cents/kWh	0.000	-		0.355	20,677,159	20,677,159	3.3	2.3
Total			626,002,719			646,679,878	20,677,159	3.3	2.3

¹ 2027 Test Year billing units - based on Newfoundland Power Internal Forecast

² Forecast proposed July 1, 2026 rates were estimated at a point in time. For consistency, existing rates remain unchanged from what was filed in the 2026 General Rate Application.

³ There is no increase to the Project Cost Recovery Rider as of July 1, 2027 being proposed within Hydro's GRA. This is for illustrative purposes only to show that the rate as of July 1, 2027 is forecast to increase to target the 2.25% domestic end customer rate increase, as required by the rate mitigation plan. This is forecast and actuals may differ. Adjustments to the Project Cost Recovery Rider for July 1, 2027 will be proposed in Hydro's July 1, 2027 Utility Rate Adjustment Application.

⁴ Estimated Change End Customer is based on the estimated flow through rate as provided by Newfoundland Power for Hydro's July 1, 2025 Utility Rate Adjustment Application. Estimate not adjusted for this RFI to remain consistent with rest of 2026 General Rate Application.