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June 23, 2021

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Dear Ms. Blundon:

Re: Application for July 1, 2021 Customer Rates

Background

On June 10, 2021, Newfoundland Power Inc. ("Newfoundland Power" or the "Company") filed an application for July 1, 2021 customer electricity rates (the "Application"). The Application was filed in accordance with the Rate Stabilization Clause included in the Company's *Schedule of Rates, Rules & Regulations*.

The Application incorporates Newfoundland and Labrador Hydro's ("Hydro") increase in the wholesale electricity rate charged by Hydro to Newfoundland Power effective July 1, 2021, which was approved by the Board in Order No. P.U. 22 (2021). The increase in the wholesale electricity rate reflects the annual operation of Hydro's Rate Stabilization Plan ("RSP").

On June 14, 2021, the Board provided a review schedule for the Application. The schedule included engaging the Board's financial consultants, Grant Thornton LLP ("Grant Thornton"), to review the Application and provide a report by June 18, 2021. The schedule also established June 22, 2021 as the filing date for submissions from parties and June 23, 2021 as the date for Newfoundland Power's reply.

On June 18, 2021, Grant Thornton provided its report to the Board. The report confirmed that calculations used in the Application to establish July 1, 2021 customer rates were in accordance with Board orders.

On June 22, 2021, the Consumer Advocate filed a submission on the Application.

The following is Newfoundland Power's reply to the Consumer Advocate's submission.

Newfoundland Power Inc.

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Reply to the Consumer Advocate's Submission

The Consumer Advocate's submission states that *"the Consumer Advocate is concerned that the Hydro RSP adjustment and Newfoundland Power RSA adjustment are based on different forecasts"* and that *"we understand that the difference in load forecasts is significant at about 55 MW."*

The Consumer Advocate requests that the Board delay its decision on the Application *"until this load issue is properly resolved."*

The Consumer Advocate's submission suggests that the annual July 1st rate stabilization adjustment is based on forecast load data.¹ The Consumer Advocate's interpretation of the Company's Rate Stabilization Clause is incorrect.

In accordance with the Rate Stabilization Clause, Newfoundland Power's rate stabilization adjustment, to be effective July 1, 2021, is calculated using the Company's energy sales over the historical period April 1, 2020 to March 31, 2021.²

Similarly, Hydro's RSP adjustment charged to Newfoundland Power is based on Hydro's energy sales to Newfoundland Power over the historical period April 1, 2020 to March 31, 2021.³

The Consumer Advocate's concern regarding different load forecasts being used to determine the calculation of July 1st rate adjustment is therefore not relevant in the Board's consideration of the Application.

Concluding

The customer electricity rates included in the Application to be effective July 1, 2021 were determined in accordance with the Rate Stabilization Clause and Board orders.

The Consumer Advocate's concern regarding load forecasts is not relevant in the Board's consideration of the Application.

¹ See, for example, page 2 of the Consumer Advocate's submission which states: *"In summary, the Consumer Advocate requests that the PUB delay a decision on this Application until this load issue is properly resolved. Otherwise, the PUB is making a decision on the basis of faulty information."*

² See the Application, Schedule 2 Calculation of the Rate Stabilization Adjustment effective July 1, 2021. Part D of the calculation is the total energy sales of Newfoundland Power from April 1, 2020 to March 31, 2021.

³ See Hydro's Application for July 1, 2021 Utility Rate Stabilization Plan and Conservation and Demand Management Rate Adjustments – Revision 1. Schedule 1, Appendix B, line 13, page 1 of 2, provides that the 12 months-to-date (April to March) utility sales were used to determine the RSP fuel rider. Further, Schedule 1, Appendix C, line 5, page 1 of 1 provides that the 12 months-to-date (April to March) utility sales were used to determine the RSP current plan adjustment.

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Newfoundland Power submits that the Application should therefore be approved.

We trust that the foregoing is found to be in order. If you have any questions, please contact the undersigned at your convenience.

Yours truly,



Dominic Foley
Legal Counsel

Enclosure

cc. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, QC
Consumer Advocate

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