

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. 20(2024)**

1 **IN THE MATTER** OF the **Electrical Power**  
2 **Control Act, 1994**, SNL 1994, Chapter E-5.1  
3 (the “**EPCA**”) and the **Public Utilities Act**,  
4 RSNL 1990, Chapter P-47 (the “**Act**”), as  
5 amended, and regulations thereunder; and  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland Power Inc., pursuant to  
9 Order No. P.U. 3(2022), for approval of its  
10 2024 forecast average rate base, 2024 rate of  
11 return on rate base, a cost deferral and revised  
12 rates effective July 1, 2024.  
13  
14

15 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly organized  
16 and existing under the laws of the Province of Newfoundland and Labrador, is a public utility  
17 within the meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and  
18

19 **WHEREAS** in Order No. P.U. 3(2022) the Board made its determinations with respect to  
20 Newfoundland Power’s 2022-2023 general rate application, and, among other things, ordered  
21 Newfoundland Power to file an application on or before November 15, 2023 for approval of its  
22 2024 forecast average rate base and rate of return on rate base, maintaining the common equity  
23 ratio and return on common equity accepted for rate setting; and  
24

25 **WHEREAS** on November 9, 2023 Newfoundland Power filed its 2025-2026 General Rate  
26 Application requesting approval of, among other things, its 2024 forecast average rate base, 2024  
27 rate of return on rate base, a cost deferral of \$6,722,000 and an overall average rate increase of  
28 1.5% on July 1, 2024; and  
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30 **WHEREAS** on November 17, 2023 the Board directed Newfoundland Power to file a separate  
31 application to address the 2024 proposals which were included in the 2025-2026 general rate  
32 application; and  
33

34 **WHEREAS** on November 23, 2023 Newfoundland Power filed an application (the “Application”)  
35 requesting approval of:

- 1 (i) a forecast average rate base for 2024 of \$1,360,058,000;  
2 (ii) a rate of return on average rate base for 2024 of 6.85%, in a range of 6.67% to  
3 7.03%;  
4 (iii) forecast revenue requirements from customer rates for 2024 of \$711,080,000;  
5 (iv) rates, tolls and charges, to be effective for service provided on and after July 1,  
6 2024;  
7 (v) deferred cost recovery of \$6,722,000 for 2024; and  
8

9 **WHEREAS** the approval of the proposals in the Application would result in an overall average rate  
10 increase for Newfoundland Power customers of 1.5% on July 1, 2024 with future recovery from  
11 customers of an additional \$6,722,000; and  
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13 **WHEREAS** the Application was circulated to Newfoundland and Labrador Hydro (“Hydro”) and  
14 the Consumer Advocate, Dennis Browne, KC (the “Consumer Advocate”); and  
15

16 **WHEREAS** on December 21, 2023 and January 26, 2024 Newfoundland Power responded to a  
17 total of 63 Requests for Information issued by the Board, Hydro and the Consumer Advocate; and  
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19 **WHEREAS** on February 9, 2024 Newfoundland Power filed revisions to the Requests for  
20 Information to update for 2023 actuals; and  
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22 **WHEREAS** on April 5, 2024 the Board’s financial consultants, Grant Thornton LLP, filed a report in  
23 relation to the Application; and  
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25 **WHEREAS** on April 26, 2024 Grant Thornton LLP responded to 2 Requests for Information from  
26 the Consumer Advocate; and  
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28 **WHEREAS** on May 7, 2024 Hydro and the Consumer Advocate filed comments in relation to the  
29 Application; and  
30

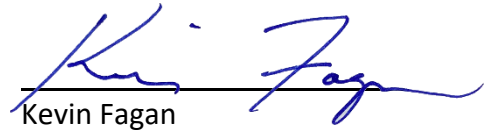
31 **WHEREAS** on May 14, 2024 Newfoundland Power filed its reply; and  
32

33 **WHEREAS** the Board is satisfied that an Order should be issued, with reasons to follow, denying  
34 the proposals in the Application and directing that Newfoundland Power may file a revised  
35 Application with no rate increases for customers, a revised rate of return on rate base for 2024,  
36 updates to the 2024 forecast average rate base, the use of Newfoundland Power’s 2023 Excess  
37 Earnings Account balance to offset a portion of the revenue shortfall and the deferral of the  
38 remaining revenue shortfall.

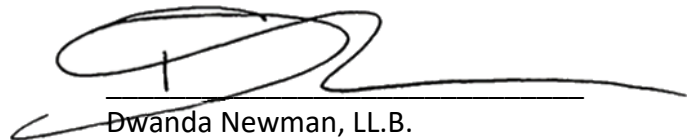
**IT IS THEREFORE ORDERED THAT:**

1. The proposals in the Application are not approved.
2. Newfoundland Power may file a revised Application reflecting the following:
  - a. a rate of return on rate base for 2024 of 6.67%, in a range of 6.49% to 6.85%;
  - b. a revised 2024 forecast average rate base incorporating the impact of the new proposals, the 2023 actual financial results and the 2024 capital budget approved in Order No. P.U. 2(2024);
  - c. the transfer of the balance in Newfoundland Power's Excess Earnings Account as of December 31, 2023, to offset the 2024 revenue shortfall associated with a 2024 rate of return on rate base of 6.67%; and
  - d. the transfer of the remaining portion of the 2024 revenue shortfall associated with a 2024 rate of return on rate base of 6.67% to Newfoundland Power's Rate Stabilization Account for future recovery.
3. Newfoundland Power shall pay the expenses of the Board arising from this Application.

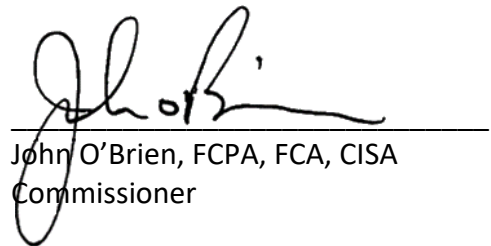
**DATED** at St. John's, Newfoundland and Labrador 1<sup>st</sup> day of August, 2024.



Kevin Fagan  
Chair and Chief Executive Officer



Dwanda Newman, LL.B.  
Vice-Chair



John O'Brien, FCPA, FCA, CISA  
Commissioner



Jo-Anne Galarnreau  
Executive Director and Board Secretary