

DELIVERED BY HAND

June 2, 2017

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

Ladies and Gentlemen:

Re: Application for July 1, 2017 Customer Rates

A. The Application

Please find enclosed the original and 9 copies of an Application (the "Application") of Newfoundland Power Inc. ("Newfoundland Power") for approval of a revised schedule of rates, tolls and charges and rules and regulations to be effective July 1, 2017.

On May 18, 2017, Newfoundland and Labrador Hydro ("Hydro") submitted a revised application in compliance with various Board Orders (the "Revised Compliance Application") to set rates to be effective July 1, 2017. The Revised Compliance Application shows a 12.6% increase in the Utility Rate charged to Newfoundland Power. The rate change consists of (i) a 1.2% Utility base rate decrease and (ii) an effective 13.8% increase as a result of the annual July 1st Rate Stabilization Plan ("RSP") rate adjustment.

Accordingly, the Application proposes changes to the rates Newfoundland Power uses to bill its customers ("Customer Rates") that reflect:

1. a decrease in the Utility base rate charged by Hydro to Newfoundland Power, and
2. the annual July 1st update of Newfoundland Power's rate stabilization and municipal tax adjustments.

The Application also proposes revisions to Newfoundland Power's *Schedule of Rates, Rules and Regulations* that will give effect to other orders of the Board, including the Board's approval of Newfoundland Power's Net Metering Service Option.

Newfoundland Power Inc.

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B. Proposed Rate Changes

Hydro's Utility Base Rate Change

The Application proposes a change in Newfoundland Power's Customer Rates to "flow through" the change in purchased power costs resulting from the revision to the Utility base rate as proposed in Hydro's Revised Compliance Application. The revised Utility base rate will lower Newfoundland Power's 2017 purchased power costs payable to Hydro relative to those currently included in electricity rates.

The proposed rate changes related to the revised Utility base rate will result in an average ***decrease*** of 0.7% in Customer Rates, effective July 1, 2017.

RSA/MTA

In accordance with prior Orders of the Board, the Rate Stabilization Adjustment included in Newfoundland Power's rates is to be recalculated on July 1st of each year.

As a result of Hydro's Revised Compliance Application, the July 1st Rate Stabilization Adjustment also includes Hydro's (i) RSP Mitigation Adjustment and (ii) Conservation and Demand Management ("CDM") Cost Recovery Adjustment. The RSP Mitigation Adjustment is a result of Order No. P.U. 16 (2017), requiring Hydro to use the Newfoundland Power RSP Load Variation balance of \$50.7 million to mitigate the July 1, 2017 rate increase. The CDM Cost Recovery Adjustment was approved by the Board in Order No. P.U. 49 (2016) following Hydro's Amended 2013 General Rate Application.

Newfoundland Power's rates include a Municipal Tax Adjustment Factor (the "MTA Factor") to reflect taxes paid by Newfoundland Power to municipalities. In accordance with prior Orders of the Board, the MTA Factor is to be recalculated on July 1st of each year to collect over the following 12-month period an amount to cover municipal taxes.

The rate changes proposed in the Application attributable to the annual update of the Rate Stabilization Adjustment and the MTA Factor will result in an average ***increase*** of 9.1% in Customer Rates, effective July 1, 2017. The increased RSA/MTA adjustment primarily reflects increased Hydro fuel costs.

C. Summary of Rate Impacts

Average Rate Change

Table 1 provides a summary of the average customer impacts of the rate changes proposed in the Application.

Table 1
Average Customer Rate Change
July 1, 2017

	Existing	Purchased Power Costs	RSA/MTA	Proposed
Revenue from Base Rates	\$671,005	(\$5,327)	-	\$665,678
RSA	(66,412)	1,376	53,359	(11,677)
MTA	15,193	(99)	3,171	18,265
Customer Billings	<u>\$619,786</u>	<u>(\$4,050)</u>	<u>\$56,530</u>	<u>\$672,266</u>
Change from Existing		(\$4,050)	\$56,530	\$52,480
Change from Existing (%)		(0.7%)	9.1%	8.5%

The overall impact of the rate changes proposed in the Application is an average *increase* in Customer Rates of approximately 8.5%, effective July 1, 2017. The impact of the rate changes will vary depending upon the class of service (i.e., residential or general service) and the usage patterns of particular customers.

D. Amendments to the Rates, Rules and Regulations

The Application proposes a revised *Schedule of Rates, Rules and Regulations* to be approved by the Board, effective July 1, 2017.

Changes to Newfoundland Power's *Schedule of Rates, Rules and Regulations* include revisions to the Rate Stabilization Clause to reflect (i) the flow through of the change in 2017 purchased power costs, (ii) Hydro's CDM Cost Recovery Adjustment and (iii) implementation of the annual updating of the Maximum Monthly Charge approved in Order No. P.U. 13 (2013) to reflect changes in the Rate Stabilization Adjustment.

E. Net Metering Service Option

In Order No P.U. 17 (2017) (the "Net Metering Order"), the Board approved Newfoundland Power's proposal to implement a Net Metering Service Option, effective July 1, 2017, and directed Newfoundland Power to file revised rates, rules and regulations associated with the implementation of the Net Metering Service Option for the approval of the Board.

The revised *Schedule of Rates, Rules and Regulations* proposed in the Application includes revised rates, rules and regulations that will permit implementation of the Net Metering Service Option approved by the Board in the Net Metering Order.

F. Concluding

Further details on the changes to existing Customer Rates and the *Schedule of Rates, Rules and Regulations* proposed in this Application can be found in the report *Proposed Changes to Customer Rates* included as Schedule 1 to the Application.

In order to facilitate timely implementation of the rates proposed in this Application, Newfoundland Power is submitting this Application in advance of receiving the Board's order on the Revised Compliance Application.

We trust that the foregoing and enclosed are found to be in order. If you have any questions, please feel free to contact the undersigned at your convenience.

Copies of the Application have been forwarded directly as indicated below.

Yours truly,



Gerard M. Hayes
Senior Counsel

c. Tracey Pennell
Newfoundland and Labrador Hydro

Dennis Browne, QC
Browne Fitzgerald Morgan & Avis

IN THE MATTER OF the
Public Utilities Act, R.S.N.
1990, Chapter P-47 (the “*Act*”); and

IN THE MATTER OF an application
(the “*Application*”) by Newfoundland Power Inc.
 (“Newfoundland Power”) for an order pursuant to
Sections 70, 75, of the *Act* and Order Nos.
P.U. 13 (2013), P.U. 23 (2013) and P.U. 17 (2017) to:

- (i) approve revisions to the rates, rules and regulations (“*Customer Rates*”) for a change in costs payable to Newfoundland and Labrador Hydro for the supply of power as a result of a revised Utility Rate effective July 1, 2017;
- (ii) approve a revised rate stabilization adjustment and municipal tax adjustment to apply to the rates of Newfoundland Power for the period July 1, 2017 to June 30, 2018;
- (iii) approve a revision in the Rate Stabilization Clause related to the Maximum Monthly Charge; and
- (iv) approve revised rates, rules and regulations to implement a Net Metering Service Option.

TO: The Board of Commissioners of Public Utilities (the “*Board*”)

THE APPLICATION of Newfoundland Power **SAYS THAT:**

A. Background

1. Newfoundland Power is a corporation organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act* and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The *Act* provides that the *Board* has the general supervision of public utilities and requires that a public utility, in effect, submit for the approval of the *Board* the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. In Order No. P.U. 49 (2016) (“the *GRA Order*”), the *Board of Commissioners of Public Utilities* (the “*Board*”) made a number of determinations on proposals contained in, and matters arising from, Newfoundland and Labrador Hydro’s (“*Hydro*”) Amended 2013 General Rate Application (the “*GRA*”). On January 27, 2017, *Hydro* filed an application in compliance with the *GRA Order* (the “*Compliance Application*”).

4. On May 1, 2017, the Board issued Order No. P.U. 14 (2017), making further determinations with respect to the GRA, and requiring Hydro to file a revised Compliance Application incorporating the findings of the Board (the “GRA Compliance Order”). On May 12, 2017, the Board issued Order No. P.U. 16 (2017), ordering Hydro to use the Newfoundland Power Retail Rate Stabilization Plan (“RSP”) Load Variation balance to mitigate the July 1, 2017 rate increase (the “Rate Mitigation Order”).
5. On May 18, 2017, in accordance with the GRA Order, the GRA Compliance Order and the Rate Mitigation Order, Hydro filed an application (the “Revised Compliance Application”) proposing, amongst other things, (i) a decrease in the Utility base rate to be charged by Hydro to Newfoundland Power (the “Revised Utility Base Rate”) and (ii) an increase in the RSP rate to be charged by Hydro to Newfoundland Power.
6. In the GRA Order, the Board approved the recovery of Hydro’s conservation and demand management costs through rate riders for the Industrial Customers and Newfoundland Power.
7. In Order No. P.U. 13 (2013), the Board approved Newfoundland Power’s proposal to revise the Rate Stabilization Clause to provide for the annual updating of the Maximum Monthly Charge for General Service customers to reflect changes in the Rate Stabilization Adjustment. In Order No. P.U. 23 (2013), the Board directed that the change be implemented at the time of Hydro’s next Utility Base Rate change and the subsequent flow through to Newfoundland Power.
8. In Order No P.U. 17 (2017) (the “Net Metering Order”), the Board approved Newfoundland Power’s proposal to implement a Net Metering Service Option, effective July 1, 2017, and directed Newfoundland Power to file revised rates, rules and regulations associated with the implementation of the Net Metering Service Option for the approval of the Board.

B. Flow-Through of Revised Utility Base Rate

9. Approval by the Board of the Revised Utility Base Rate proposed in the Revised Compliance Application will effectively lower the purchased power costs payable by Newfoundland Power to Hydro.
10. In this Application, Newfoundland Power proposes to revise its Customer Rates, effective July 1, 2017, to reflect the decrease in purchased power costs resulting from the Board’s approval of the Revised Utility Base Rate.
11. Schedule 1 to this Application outlines the methodology used by Newfoundland Power to modify its 2017 Customer Rates to reflect the lower purchased power costs attributable to the Revised Utility Base Rate.

C. 2017 Rate Stabilization Adjustment

12. Hydro maintains the RSP to smooth rate impacts for certain variations between actual results and Hydro’s test year cost of service estimates for hydraulic production, fuel

costs, customer load and rural rates. The RSP includes a component to reflect the difference between projected fuel prices and test year values.

13. By Order No. P.U. 34(1985), the Board approved the establishment of a Rate Stabilization Account (“RSA”) by Newfoundland Power. The Rate Stabilization Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the calculation of the balance in the RSA and the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
14. The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect (i) the accumulated balance in the RSA as of March 31st of the current year and (ii) any change in the mill rate charged to Newfoundland Power by Hydro as a result of the operation of the RSP.
15. The current Rate Stabilization Clause and the Rate Stabilization Adjustment of (1.110) ¢/kWh included in Newfoundland Power’s rates for the period July 1, 2016 to June 30, 2017 were approved by the Board in Order No. P.U. 25(2016).
16. The accumulated balance in the RSA as of March 31, 2017 includes, amongst other things, disposition of a negative balance of \$1,720,704.94 accrued in the Weather Normalization Reserve in 2016 in accordance with Order No. P.U. 12(2017).
17. In this Application, Newfoundland Power proposes that the portion of Hydro’s conservation and demand management costs to be recovered from Newfoundland Power’s customers be recovered through the Rate Stabilization Adjustment (the “CDM Cost Recovery Adjustment”).
18. Schedule 2 to the Application presents the calculation of the Rate Stabilization Adjustment of (0.195) ¢/kWh proposed to be used by Newfoundland Power in billing customers for the period July 1, 2017 to June 30, 2018.

D. 2017 Municipal Tax Adjustment

19. By Order No. P.U. 17(1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but collected through a Municipal Tax Adjustment (“MTA”) factor included in the rates of Newfoundland Power. The Municipal Tax Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* provides for the recalculation of the MTA factor on July 1st of each year.
20. The MTA factor of 1.02526 included in Newfoundland Power’s rates for the period July 1, 2016 to June 30, 2017 was approved by the Board in Order No. P.U. 25(2016).
21. Schedule 3 to the Application presents the calculation of the MTA factor of 1.02806 proposed to be used by Newfoundland Power in billing customers for the period July 1, 2017 to June 30, 2018.

E. Rates, Rules and Regulations

22. Schedule 4 to the Application is a revised *Schedule of Rates, Rules and Regulations*. Schedule 4 presents the proposed Customer Rates to be applied to electricity consumption on and after July 1, 2017, incorporating:
 - (i) revisions to reflect the decrease in Newfoundland Power's purchased power costs payable to Hydro as a result of the Revised Utility Base Rate;
 - (ii) the Rate Stabilization Adjustment set out in Schedule 2 to the Application, and
 - (iii) the MTA factor set out in Schedule 3 to the Application.
23. To provide for recovery by Newfoundland Power of costs resulting from Board approval of the Revised Utility Base Rate without further financial benefit or disadvantage, this Application proposes that there be a year-end adjustment to Newfoundland Power's Rate Stabilization Clause to true up any under-recovery or over-recovery of purchased power costs in 2017 resulting from the Revised Utility Base Rate.
24. To provide for the recovery of the CDM Cost Recovery Adjustment as approved in the GRA Order, the Application proposes that paragraph I *Rate Stabilization Adjustment Rate* ("A") of the Rate Stabilization Clause be revised.
25. To provide for the annual updating of the Maximum Monthly Charge for General Service customers to reflect changes in the Rate Stabilization Adjustment factor as approved in Order No. P.U. 13 (2013), the Application proposes that paragraph III *Rate Changes* of the Rate Stabilization Clause be revised.
26. Schedule 4 contains a proposed Rate Stabilization Clause to be effective July 1, 2017.

F. Net Metering Service Option

27. To provide for implementation of the Net Metering Service Option approved in the Net Metering Order, effective July 1, 2017, Newfoundland Power is required to file revised rates, rules and regulations for the approval of the Board.
28. Schedule 4 contains proposed rates, rules and regulations permitting Newfoundland Power's implementation of the Net Metering Service Option approved in the Net Metering Order.

G. Reasons for Approval

29. Approval by the Board of: (i) the Rate Stabilization Adjustment, (ii) the MTA factor, (iii) the Customer Rates, and (iv) the revised Rate Stabilization Clause, all as proposed in the Application, will permit cost recovery as provided for, and intended by, the Act, the *Electrical Power Control Act, 1994* and the Orders of the Board set out in the Application.

30. Approval by the Board of the rates, rules and regulations associated with the Net Metering Service Option will permit the orderly implementation of the Net Metering Service Option, effective July 1, 2017, as approved by the Board in the Net Metering Order.

H. Order Requested

31. Newfoundland Power requests that the Board approve:
- (i) the Rate Stabilization Adjustment of (0.195) ¢/kWh and the MTA factor of 1.02806, as set out in Schedules 2 and 3 to the Application, to be applied to all bills based on electrical consumption on and after July 1, 2017;
 - (ii) pursuant to Section 70(1) of the Act, the schedule of rates, tolls and charges to be effective on all electrical consumption on and after July 1, 2017 as set out in Schedule 4 to the Application; and
 - (iii) pursuant to Sections 71 and 80 of the Act, the amendments to the rules and regulations governing Newfoundland Power's provision of service to its customers, including the rates, rules and regulations associated with the Net Metering Service Option, as set out in Schedule 4 to the Application.

I. Communications

32. Communication with respect to this Application should be forwarded to the attention of Liam P. O'Brien and Gerard M. Hayes, Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland and Labrador this 2nd day of June, 2017.

NEWFOUNDLAND POWER INC.



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IN THE MATTER OF the
Public Utilities Act, R.S.N.
1990, Chapter P-47 (the "*Act*"); and

IN THE MATTER OF an application
(the "Application") by Newfoundland Power Inc.
("Newfoundland Power") for an order pursuant to
Sections 70, 75, of the *Act* and Order Nos.
P.U. 13 (2013), P.U. 23 (2013) and P.U. 17 (2017) to:

- (i) approve revisions to the rates, rules and regulations ("Customer Rates") for a change in costs payable to Newfoundland and Labrador Hydro for the supply of power as a result of a revised Utility Rate effective July 1, 2017;
- (ii) approve a revised rate stabilization adjustment and municipal tax adjustment to apply to the rates of Newfoundland Power for the period July 1, 2017 to June 30, 2018;
- (iii) approve a revision in the Rate Stabilization Clause related to the Maximum Monthly Charge; and
- (iv) approve revised rates, rules and regulations to implement a Net Metering Service Option.

AFFIDAVIT

I, Lorne Henderson, of the City of St. John's in the Province of Newfoundland and Labrador, Professional Engineer, make oath and say as follows:

- 1. That I am the Director, Planning and Supply of Newfoundland Power Inc.
- 2. To the best of my knowledge, information and belief, all matters, facts and things set out in this Application are true.

SWORN to before me at St. John's
in the Province of Newfoundland and
Labrador this 2nd day of June, 2017:


Barrister


Lorne Henderson

IN THE MATTER OF the
Public Utilities Act, R.S.N.
1990, Chapter P-47 (the “*Act*”); and

IN THE MATTER OF an application
(the “*Application*”) by Newfoundland Power Inc.
 (“Newfoundland Power”) for an order pursuant to
Sections 70, 75, of the *Act* and Order Nos.
P.U. 13 (2013), P.U. 23 (2013) and P.U. 17 (2017) to:

- (i) approve revisions to the rates, rules and regulations (“*Customer Rates*”) for a change in costs payable to Newfoundland and Labrador Hydro for the supply of power as a result of a revised Utility Rate effective July 1, 2017;
- (ii) approve a revised rate stabilization adjustment and municipal tax adjustment to apply to the rates of Newfoundland Power for the period July 1, 2017 to June 30, 2018;
- (iii) approve a revision in the Rate Stabilization Clause related to the Maximum Monthly Charge; and
- (iv) approve revised rates, rules and regulations to implement a Net Metering Service Option.

Proposed Changes to Customer Rates
July 1, 2017

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1.0 Overview

1.1 Background

In Order No. P.U. 49 (2016) (“the GRA Order”), the Board of Commissioners of Public Utilities (the “Board”) made a number of determinations on proposals contained in, and matters arising from, Newfoundland and Labrador Hydro’s (“Hydro”) Amended 2013 General Rate Application (the “GRA”). On January 27, 2017, Hydro filed an application in compliance with the GRA Order (the “Compliance Application”). The Compliance Application requested, amongst other things, that the Board approve a change in the Utility rate (the “Utility Rate”) charged to Newfoundland Power Inc. (“Newfoundland Power” or the “Company”) effective April 1, 2017.¹

On February 20, 2017, Hydro filed an application with the Board proposing a delay in the filing of Hydro's next GRA from March 31, 2017 to July 31, 2017. The request was, in part, to delay the effective date of the rate change from April 1, 2017 to July 1, 2017 to correspond with the annual rate adjustment related to Hydro's Rate Stabilization Plan ("RSP"). On March 16, 2017, the Board issued Order No. P.U. 8 (2017), approving Hydro's proposal.

By letter to the Board dated April 21, 2017, Hydro provided a forecast of the customer impact of the rate changes to be implemented on July 1, 2017. Hydro’s forecast estimated (i) a Utility Rate increase of 27.6%, and (ii) an average Newfoundland Power customer rate increase of 18.6%.

On May 1, 2017, the Board issued Order No. P.U. 14 (2017), making further determinations with respect to the GRA. On May 12, 2017, the Board issued Order No. P.U. 16 (2017), ordering Hydro to use the Newfoundland Power RSP Load Variation balance to mitigate the July 1, 2017 rate increase. Hydro was required to file a revised Compliance Application incorporating the findings of the Board.

On May 18, 2017, Hydro submitted a revised Compliance Application (the “Revised Compliance Application”). Hydro's evidence filed in support of the application shows a 12.6% increase in the Utility Rate charged to Newfoundland Power. This increase in the Utility Rate incorporates (i) a 1.2% decrease in the Utility Base Rate pursuant to the GRA Order and Order No. P.U. 14 (2017) and (ii) an effective 13.8% increase in the RSP Rate as a result of the annual July 1st RSP rate adjustment, including the effect of the rate mitigation measure ordered in Order No. P.U. 16 (2017).²

1.2 Purpose

Newfoundland Power’s Application (the “Application”) proposes to change Newfoundland Power’s electricity rates (“Customer Rates”) to “flow through” the change in purchased power costs resulting from the revised Utility Base Rate proposed in the Revised Compliance

¹ The Utility Rate currently consists of (i) a base rate (the “Utility Base Rate”) and (ii) a RSP rate (the “RSP Rate”). The Utility Base Rate is derived from Hydro’s test year revenue requirement to be recovered from Newfoundland Power. The RSP Rate primarily reflects variances between Hydro’s test year and actual fuel costs.

² $12.6\% - (1.2\%) = 13.8\%$.

Application. The Board has approved previous flow-through applications of Newfoundland Power in substantially similar circumstances.³

The Application also proposes changes to Customer Rates to reflect the annual July 1st rate adjustment incorporating: (i) an updated rate stabilization adjustment and (ii) an updated municipal tax adjustment factor (respectively, the “Rate Stabilization Adjustment” and the “MTA Factor”). The Rate Stabilization Adjustment includes the credit to customers resulting from the use of the RSP Load Variation balance to mitigate the July 1, 2017 rate increase as ordered in Order No. P.U. 16 (2017).

This report provides evidence describing the methodology used by Newfoundland Power to modify rates effective July 1, 2017 in accordance with these proposed changes. The report also provides evidence on the customer impacts of the Application proposals.

In addition to revisions associated with the flow through of the change in purchased power costs and the annual July 1st rate adjustment, the Application proposes changes to the Company’s *Schedule of Rates, Rules and Regulations* to give effect to matters previously approved by the Board. These are (i) the introduction of the Net Metering Service Option approved in Order No. P.U. 17 (2017) and (ii) the annual updating of the Maximum Monthly Charge to reflect changes in the Rate Stabilization Adjustment approved in Order No. P.U. 13 (2013).

1.3 Current Customer Rates

Customer Rates are derived by applying the Rate Stabilization Adjustment and the MTA Factor to base rates. The base rates are derived from Newfoundland Power’s most recent test year revenue requirement (“Base Rates”).⁴ The Rate Stabilization Adjustment and the MTA Factor are adjusted each year, effective July 1st.

The current Base Rates are derived from the Company’s 2017 test year revenue requirement, which was the basis for the Customer Rates approved by the Board in Order Nos. P.U. 18 (2016) and P.U. 25 (2016).

The Rate Stabilization Adjustment is comprised of a fuel rider adjustment and a recovery adjustment factor. The fuel rider adjustment recovers the difference between the cost of No. 6 fuel included in the Utility Base Rate and a current forecast cost of No. 6 fuel. The recovery adjustment factor primarily reflects historical variances between Hydro’s test year and actual fuel costs as determined through the RSP, with any variance being credited to (or recovered from) customers, as the case may be.

The current Customer Rates reflect a Rate Stabilization Adjustment of (1.110)¢ per kWh, based on a fuel rider adjustment of (0.023)¢ per kWh and a recovery adjustment factor of (1.087)¢ per kWh.

³ See, for example, Order Nos. P.U. 7 (1990), P.U. 22 (2002-2003), P.U. 19 (2004) (Amended), P.U. 42 (2006) and P.U. 18 (2015).

⁴ The Rate Stabilization Adjustment and MTA Factor, which are updated annually, are not included in Base Rates. They are not recognized as revenue or expense items by Newfoundland Power.

Municipal taxes are not included as an expense in the determination of Newfoundland Power's revenue requirement. Instead, municipal taxes are collected through the MTA Factor, which is applied to Base Rates and the Rate Stabilization Adjustment to derive Customer Rates.

The current Customer Rates reflect an MTA Factor of 1.02526.

1.4 Summary of Proposed Rate Changes

The July 1, 2017 changes in Customer Rates proposed in the Application reflect the net effect of:

1. an average rate **decrease** of 0.7% resulting from lower purchased power costs due to the revised Utility Base Rate, and
2. an average rate **increase** of 9.1% resulting from the annual July 1st update of the Rate Stabilization Adjustment and the MTA Factor.

Changes to the *Schedule of Rates, Rules and Regulations* arising from introduction of a Net Metering Service Option do not result in a change in existing Customer Rates.⁵

The overall rate impact of the proposed changes is an average **increase** in Customer Rates of approximately 8.5%, effective July 1, 2017.⁶

Table 1 shows a reconciliation of existing customer billings to proposed customer billings.

Table 1
Reconciliation of Customer Billings
(\$000s)

	Existing⁷	Purchased Power Costs	RSA/MTA	Proposed
Revenue from Base Rates	\$671,005	(\$5,327)	-	\$665,678
RSA	(66,412)	1,376	53,359	(11,677)
MTA	15,193	(99)	3,171	18,265
Customer Billings	<u>\$619,786</u>	<u>(\$4,050)</u>	<u>\$56,530</u>	<u>\$672,266</u>
Change from Existing		(\$4,050)	\$56,530	\$52,480
Change from Existing (%)⁸		(0.7%)	9.1%	8.5%

⁵ See *Section 5.5 Net Metering Service Option* for details of changes to the *Schedule of Rates, Rules and Regulations* for the introduction of the Net Metering Service Option.

⁶ Individual customer impacts will vary depending on usage.

⁷ Rates effective July 1, 2016, as approved in Order No. P.U. 18 (2016).

⁸ Change from existing percentages are calculated as follows:

Purchased Power Costs: $(\$4,050) \div \$619,786 = (0.00653)$ or (0.7%);

RSA/MTA: $\$56,530 \div \$619,786 = 0.09121$ or 9.1%; and

Proposed: $\$52,480 \div \$619,786 = 0.08467$ or 8.5%.

Appendix A to this report provides the average customer impacts by rate class.

2.0 Purchased Power Costs

2.1 General

Newfoundland Power's 2017 purchased power costs will decrease as a result of the revised Utility Base Rate. The lower Utility Base Rate results from (i) incorporating lower fuel costs currently credited through the RSP Rate into the Utility Base Rate and (ii) a decrease in Hydro's other costs to be recovered from Newfoundland Power relative to those currently embedded in Hydro's interim Utility Base Rate.⁹

The Application proposes to flow through the change in purchased power costs to Newfoundland Power's customers in accordance with existing regulatory practice.¹⁰

2.2 Change in Purchased Power Costs

Table 2 summarizes the change in Newfoundland Power's 2017 test year purchased power costs resulting from the revised Utility Base Rate.

Table 2
Change in 2017 Test Year Purchased Power Costs
(\$000s)

	Existing	Proposed	Change
Purchased Power Costs	\$448,077	\$442,750	(\$5,327)

The total decrease in test year purchased power costs is \$5,327,000. Approximately \$1,376,000 of this decrease is the result of incorporating lower fuel costs currently credited through the RSP Rate into the Utility Base Rate.¹¹ The remaining \$3,951,000 results from a decrease in Hydro's other costs.¹²

Appendix B to this report provides the calculation of the change in the 2017 test year purchased power costs.¹³

⁹ In Order No. P.U. 18 (2015), the Board approved the flow through of an interim increase of 8% in the Utility Base Rate charged by Hydro to Newfoundland Power, effective July 1, 2015.

¹⁰ The methodology used is consistent with the 2007 Flow-through Application approved by the Board in Order No. P.U. 42 (2006).

¹¹ The impact of incorporating the lower fuel costs is calculated as: Newfoundland Power's current fuel rider adjustment included in the Rate Stabilization Adjustment of (0.023)¢ per kWh x 2017 test year energy sales applicable to the Rate Stabilization Adjustment of 5,983,026,879 kWh = (\$1,376,096), or approximately (\$1,376,000).

¹² The impact of the decrease in Hydro's other costs is calculated as: the total change in purchased power costs of (\$5,327,000) less the amount related to the lower fuel costs of (\$1,376,000) = (\$3,951,000).

¹³ The change in purchased power costs is determined by applying the demand and energy components of the revised Utility Base Rate to Newfoundland Power's 2017 test year energy and peak demand forecast.

2.3 *Changes in Customer Rates*

Fuel Costs

Effective July 1, 2017, Hydro's fuel costs of \$1,376,000 previously credited through the RSP Rate will be reflected in decreased purchased power costs to be recovered through the Utility Base Rate. Those costs are reflected in Newfoundland Power's current fuel rider adjustment of (0.023)¢ per kWh included in the existing Rate Stabilization Adjustment. As the fuel costs will no longer be credited through Hydro's RSP Rate, effective July 1, 2017, Newfoundland Power's fuel rider adjustment will increase from (0.023)¢ per kWh to zero.¹⁴

In order to ensure that incorporating the lower fuel costs already reflected in Customer Rates into Newfoundland Power's Base Rates will be transparent to customers, the Application proposes a corresponding decrease of 0.023¢ per kWh in the energy rates included in Newfoundland Power's Base Rates.¹⁵

Appendix C, Column B shows the decrease to Base Rates to reflect incorporation of the lower fuel costs currently credited through the Rate Stabilization Adjustment.

Hydro's Other Costs

Equivalent decreases are applied to the Base Rates of each customer rate class to reflect the change in test year purchased power costs due to the decrease in Hydro's other costs of \$3,951,000.¹⁶ Street and Area Lighting rates are proposed to change by approximately 1/3 of the increase applied to other classes.¹⁷ This approach is consistent with previous Board approvals respecting the flow through of changes in Hydro's costs.¹⁸

Appendix C, Column C shows the adjustment to Base Rates for the decrease in Hydro's other costs.

Proposed Base Rates

Appendix C, Column D shows the resulting proposed Newfoundland Power Base Rates reflecting the changes in purchased power costs.

¹⁴ The required adjustments are conceptually consistent with the flow through of Hydro's 2007 increased purchased power costs approved by the Board in Order No. P.U. 42 (2006). At that time, the incorporation of fuel costs resulted in an increase in Base Rate revenue of approximately \$44 million, or 75% of the total change in purchased power costs of \$59 million.

¹⁵ The increase in Newfoundland Power's fuel rider adjustment from (0.023)¢ per kWh to zero results in increased Rate Stabilization Adjustment billings of \$1,376,000. This offsets the decrease in test year Base Rate billings of \$1,376,000. The resulting average Customer Rate impact is zero.

¹⁶ Within each customer rate class, an equivalent decrease is applied to the demand and energy components. No decrease to basic customer charges is proposed, since a decrease in purchased power costs does not impact the customer-related costs underlying the basic customer charges. Similarly, because the cost of providing poles and underground wiring for Street and Area Lighting Service is not affected by the decrease in purchased power costs, rates for poles and underground wiring are not proposed to be changed.

¹⁷ Based upon the cost of service study underpinning current Base Rates, purchased power costs comprise approximately 67% of Newfoundland Power's overall cost of providing electrical service, but only approximately 23% of the cost of providing Street and Area Lighting Service.

¹⁸ See Order Nos. P.U. 19 (2004) (Amended), P.U. 42 (2006) and P.U. 18 (2015).

2.4 Customer Rate Impacts

Appendix D shows the decrease to current customer billings resulting from the revised Utility Base Rate.

Table 3 provides the percentage decrease in customer billings resulting from the revised Utility Base Rate.

Table 3
Reconciliation of Customer Billings
Change in Purchased Power Costs
(\$000s)

	Existing	Purchased Power Costs	Proposed
Revenue from Base Rates	\$671,005	(\$5,327) ¹⁹	\$665,678
RSA	(66,412)	1,376 ²⁰	(65,036)
MTA	15,193	(99) ²¹	15,094
Customer Billings	<u>\$619,786</u>	<u>(\$4,050)</u>	<u>\$615,736</u>
Change from Existing			<u>(\$4,050)</u>
Change from Existing (%)			<u>(0.7%)</u>

The decrease in purchased power costs, including the Rate Stabilization Adjustment and municipal tax effects, totals \$4,050,000. The overall result is an average decrease in Customer Rates of 0.7%.²²

Appendix E to this report provides the average customer impacts by rate class of the rate changes resulting from the revised Utility Base Rate.

3.0 Rate Stabilization Adjustment and MTA Factor Change

3.1 General

The Application seeks approval of the annual July 1st update to the Rate Stabilization Adjustment and the MTA Factor.

The calculations of the Rate Stabilization Adjustment and the MTA Factor are provided in Schedules 2 and 3, respectively, to the Application.

¹⁹ See Table 2.

²⁰ See footnote 15.

²¹ The lower revenue requirement from Base Rates will result in lower municipal taxes to be paid. See Appendix D, footnote 4 for the calculation.

²² Individual customer impacts will vary depending on usage.

3.2 Rate Stabilization Adjustment

The Rate Stabilization Adjustment is recalculated on July 1st of each year to reflect (i) any change in the energy rate charged to Newfoundland Power by Hydro as a result of the operation of the RSP and (ii) the accumulated balance in the Rate Stabilization Account (“RSA”) as of March 31st of the current year.

Historically, the July 1st RSP adjustment to be incorporated in Newfoundland Power’s annual Rate Stabilization Adjustment has consisted of 2 elements. The 1st element recovers the existing balance in Hydro’s RSP as of March 31st. The 2nd element reflects Hydro’s current forward looking forecast for Holyrood fuel, generally referred to as the “fuel rider”. As a result of Board orders, the July 1, 2017 rate change will also include 2 new rate adjustments.

In the GRA Order, the Board approved the recovery of Hydro’s conservation and demand management costs through rate riders for the Industrial Customers and Newfoundland Power.²³ The Application proposes that the portion to be recovered from Newfoundland Power’s customers be recovered through the Rate Stabilization Adjustment (the “CDM Cost Recovery Adjustment”).

In Order No. P.U. 16 (2017), the Board ordered Hydro to use the Newfoundland Power RSP Load Variation balance as of March 31, 2017 of \$50.7 million to mitigate the July 1, 2017 rate increase (the “RSP Mitigation Adjustment”).

A breakdown of Hydro’s rate adjustments arising from the Revised Compliance Application is provided in Table 4.

Table 4
Hydro Rate Adjustments
(¢ per kWh)

	Existing	Change	Proposed²⁴
Annual RSP Adjustment			
March 31 st Balance	(1.213)	1.081	(0.132)
Fuel Rider ²⁵	(0.023)	0.695	0.672
CDM Cost Recovery Adjustment	0.000	0.019	0.019
	(1.236)	1.795	0.559
RSP Mitigation Adjustment	0.000	(0.911)	(0.911)
Total Rate Adjustments	(1.236)	0.884	(0.352)

²³ See GRA Order, page 119, line 38, *et. seq.*

²⁴ See Utility Rate, page UT-4, Exhibit 9 of Hydro’s Revised Compliance Application.

²⁵ Of the 0.695¢ per kWh increase in the fuel rider, 0.023¢ per kWh is related to the incorporation of lower fuel costs into the Utility Base Rate. The remaining 0.672¢ per kWh is the new fuel rider proposed to be implemented July 1st by Hydro to recover increased fuel costs not embedded in the Utility Base Rate.

The combination of the annual RSP adjustment and the CDM Cost Recovery Adjustment results in a 1.795¢ per kWh increase in the total rate adjustments charged by Hydro. The RSP Mitigation Adjustment of (0.911)¢ per kWh reduces that increase by approximately 50% to 0.884¢ per kWh.

The 0.884¢ per kWh increase in Hydro's total rate adjustments translates to a 0.915¢ per kWh increase in the Rate Stabilization Adjustment for Newfoundland Power's customers. This difference primarily reflects the change in the balance in the RSA as of March 31, 2017 relative to the previous year.²⁶ The balance in the RSA increased from \$7.3 million owing from customers as of March 31, 2016 to \$9.0 million owing from customers as of March 31, 2017.²⁷

Table 5 provides the proposed Rate Stabilization Adjustment reflecting Newfoundland Power's fuel rider adjustment and recovery adjustment factor.

Table 5
Rate Stabilization Adjustment
(¢ per kWh)

	Existing	Change	Proposed
Fuel Rider Adjustment ²⁸	(0.023)	0.686	0.663
Recovery Adjustment Factor ²⁹	(1.087)	0.229	(0.858)
Rate Stabilization Adjustment	(1.110)	0.915	(0.195)

The Application proposes a Rate Stabilization Adjustment of (0.195)¢ per kWh, to be effective July 1, 2017.

Schedule 2 to the Application sets out the calculation of the proposed Rate Stabilization Adjustment in accordance with a revised Rate Stabilization Clause as proposed in the Application.

²⁶ There are also slight differences due to the Rate Stabilization Adjustment being computed based upon Newfoundland Power energy sales to customers, and the Hydro rate adjustments being computed using Hydro energy sales to Newfoundland Power.

²⁷ The \$1.7 million increase in the RSA balance corresponds to a 0.029¢ per kWh difference between the Hydro RSP Rate and the proposed Rate Stabilization Adjustment.

²⁸ Of the 0.686¢ per kWh change in the fuel rider adjustment, 0.023¢ per kWh is related to the incorporation of the lower fuel costs into Base Rates. The remaining 0.663¢ per kWh is the new fuel rider adjustment proposed to be implemented July 1st based on the new fuel rider proposed by Hydro.

²⁹ The proposed recovery adjustment factor of (0.858)¢ per kWh, in effect, consists of: (i) 0.152¢ per kWh related to Newfoundland Power's March 31st RSA balance, (ii) (0.130)¢ per kWh related to Hydro's March 31st RSP balance, (iii) (0.899)¢ per kWh related to Hydro's RSP Rate Mitigation Adjustment and (iv) 0.019¢ per kWh related to Hydro's CDM Cost Recovery Adjustment. The change to the Company's Rate Stabilization Clause to include the flow through of Hydro's CDM Cost Recovery Adjustment in Newfoundland Power's recovery adjustment factor is detailed in **Section 5.3 Hydro's CDM Cost Recovery Adjustment**.

3.3 *Municipal Tax Adjustment Factor*

The Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA Factor. The MTA Factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities.

Customer Rates currently reflect an MTA Factor of 1.02526. The Application proposes an MTA Factor of 1.02806, to be effective July 1, 2017.

3.4 *Change in Customer Rates to Reflect the RSA/MTA Rate Change*

Table 6 shows a reconciliation of existing customer billings to proposed customer billings to reflect the RSA/MTA rate change.

Table 6
Reconciliation of Customer Billings
RSA/MTA Rate Change
(\$000s)

	Existing	Change	Proposed
Revenue from Base Rates	\$671,005	-	\$671,005
RSA	(66,412)	53,359	(13,053)
MTA	15,193	3,171	18,364
Customer Billings	<u>\$619,786</u>	<u>\$56,530</u>	<u>\$676,316</u>
Change from Existing			<u>\$56,530</u>
Change from Existing (%)			9.1%

The impact on Customer Rates resulting from the change in the Rate Stabilization Adjustment and the MTA Factor is an average increase of 9.1%.³⁰

Appendix F provides the average customer impacts by rate class for the RSA/MTA rate change.

³⁰ Individual customer impacts will vary depending on usage. The impact of the increase in the Rate Stabilization Adjustment effective July 1, 2017 is comparatively lower for the Street and Area Lighting class, since the cost of purchased energy comprises a much smaller percentage of the cost of serving that class.

4.0 Proposed Rates

Appendix G to this report shows the conversion of the proposed Base Rates that reflect the revised Utility Base Rate to Customer Rates.³¹ The proposed Customer Rates include the proposed Rate Stabilization Adjustment of (0.195)¢ per kWh and the proposed MTA Factor of 1.02806.

In converting Base Rates to Customer Rates, the Rate Stabilization Adjustment has been applied to the energy charges in each rate classification. The MTA Factor is applied to all rate components. The calculation of final rates also incorporates a calculation to account for the effect of the early payment discount.

Appendix H to this report provides a summary of existing and proposed Customer Rates.

5.0 Amendments to the Rates, Rules and Regulations

5.1 General

Schedule 4 to the Application provides a proposed *Schedule of Rates, Rules and Regulations* to be approved by the Board effective July 1, 2017.

Revisions to the Rate Stabilization Clause included in the *Schedule of Rates, Rules and Regulations* are required to reflect (i) the flow through of the change in purchased power costs and (ii) Hydro's CDM Cost Recovery Adjustment. A further revision is required to provide for the annual updating of the Maximum Monthly Charge for General Service customers approved by the Board in P.U. 13 (2013).

The proposed *Schedule of Rates, Rules and Regulations* also incorporates changes related to the Net Metering Service Option approved by the Board in Order No. P.U. 17 (2017).

5.2 Flow Through of Purchased Power Costs

In Order No. P.U. 18 (2015), the Board approved an amendment to Newfoundland Power's Rate Stabilization Clause to allow any under-recovery or over-recovery of the change in purchased power costs in 2015 resulting from the flow through of Hydro's interim Utility Base Rate to be debited or credited, as appropriate, to the Rate Stabilization Account. This detailed true-up provision is included in the Rate Stabilization Clause as paragraph II.4.

The Application proposes that paragraph II.4 of the Rate Stabilization Clause be revised to reflect the flow through of Hydro's final Utility Base Rate and the dates of the current proceedings, so that any required true-up operates as of December 31, 2017.³²

³¹ Appendix C shows the proposed Base Rates.

³² See *Schedule 4: Schedule of Rates, Rules and Regulations*, page 19 of 34 for the revised paragraph.

5.3 *Hydro's CDM Cost Recovery Adjustment*

In the GRA Order, the Board approved Hydro's CDM Cost Recovery Adjustment, effective January 1, 2016.³³ The adjustment is recovered by Hydro through a rate rider charged to Newfoundland Power.³⁴ A corresponding adjustment is required to Newfoundland Power's Rate Stabilization Adjustment to flow through Hydro's CDM Cost Recovery Adjustment.

The Application proposes that paragraph I *Rate Stabilization Adjustment Rate ("A")* of the Rate Stabilization Clause be revised to include Hydro's CDM Cost Recovery Adjustment in the calculation of Newfoundland Power's recovery adjustment factor.³⁵

5.4 *Maximum Monthly Charge*

In Order No. P.U. 13 (2013), the Board approved Newfoundland Power's proposal to revise the Rate Stabilization Clause to provide for the annual updating of the Maximum Monthly Charge for General Service customers to reflect changes in the Rate Stabilization Adjustment. In Order No. P.U. 23 (2013), the Board directed that the change be implemented at the time of Hydro's next Utility Base Rate change and the subsequent flow through to Newfoundland Power.³⁶

To reflect the approved change, paragraph III *Rate Changes* of the Rate Stabilization Clause is revised to remove the exception that previously applied to the Maximum Monthly Charge. The revised clause, with the deletion indicated, is as follows:³⁷

The energy charges in each rate classification (~~other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge~~) shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.

In accordance with this change, effective July 1, 2017, the Maximum Monthly Charge will decrease by an average of 1%.³⁸

³³ See Hydro's GRA Order, page 119 line 38, *et. seq.*

³⁴ See page UT-4 of Hydro's Utility Rate filed in Exhibit 9 of Hydro's Revised Compliance Application.

³⁵ See *Schedule 4: Schedule of Rates, Rules and Regulations*, page 16 of 34 for the revised paragraph.

³⁶ See Order No. P.U. 23 (2013), page 3, lines 22 to 25.

³⁷ See *Schedule 4: Schedule of Rates, Rules and Regulations*, page 21 of 34 for the revised paragraph.

³⁸ The Application proposes a Rate Stabilization Adjustment of (0.195)¢ per kWh, to be effective July 1, 2017. (0.195)¢ per kWh ÷ the current Maximum Monthly Charge of 19.002¢ per kWh = 0.01, or 1%.

5.5 *Net Metering Service Option*

In Order No P.U. 17 (2017) (the “Net Metering Order”), the Board approved Newfoundland Power’s proposal to implement a Net Metering Service Option, effective July 1, 2017. The Net Metering Order requires Newfoundland Power to file revised rates, rules and regulations associated with the implementation of its Net Metering Service Option for the approval of the Board.

Newfoundland Power submitted detailed rates, rules and regulations to provide for implementation of the Net Metering Service Option as part of its application dated December 19, 2016. Those proposed rates, rules and regulations are reproduced in Schedule 4 to the Application. The Application proposes that the Board formally approve the rates, rules and regulations associated with the implementation of Newfoundland Power’s Net Metering Service Option.³⁹

³⁹ The proposed rules and regulations for the Net Metering Service Option are set out at pages 31 to 34 of Schedule 4 to the Application. The General Service rate sheets, at pages 25 to 27 of Schedule 4, are proposed to be revised to provide that the Maximum Monthly Charge shall not apply to customers who avail of the Net Metering Service Option.

Newfoundland Power Inc.

Average Customer Impacts - Aggregate
(\$000s)

Category	Proposals			Revenue Under Proposed Rates (D) ⁴	Change (E) ⁵	Average Impacts (F) ⁶
	Revenue Under Existing Rates (A) ¹	Purchased Power Costs (B) ²	RSA/MTA (C) ³			
1.1 Domestic	394,959	(2,604)	34,723	427,078	32,119	8.1%
1.1S Domestic Seasonal	1,997	(13)	168	2,152	155	7.8%
Total Domestic	396,956	(2,617)	34,891	429,230	32,274	8.1%
2.1 General Service 0-100 kW (110 kVA)	83,265	(556)	7,615	90,324	7,059	8.5%
2.3 General Service 110-1000 kVA	88,324	(602)	9,622	97,344	9,020	10.2%
2.4 General Service over 1000 kVA	32,200	(225)	4,058	36,033	3,833	11.9%
Total General Service	203,789	(1,383)	21,295	223,701	19,912	9.8%
4.1 Street and Area Lighting	16,144	(33)	344	16,455	311	1.9%
Forfeited Discounts	2,897	(17)	-	2,880	(17)	-0.6%
Total	619,786	(4,050)	56,530	672,266	52,480	8.5%

¹ Column A is the 2017 forecast revenue under existing rates effective July 1, 2016, based on 2017 test year revenue requirement billing determinants, which were approved in Order No. P.U. 25 (2016).

² Column B is the 2017 forecast change in revenue as a result of the flow-through of Hydro's 1.2% Utility Base Rate decrease, effective July 1, 2017.

³ Column C is the 2017 forecast change in revenue as a result of the annual July 1st RSA/MTA update, effective July 1, 2017.

⁴ Column D is the 2017 forecast revenue under the proposed Customer Rates effective July 1, 2017 (Column A + Column B + Column C).

⁵ Column E is the difference between forecast revenue under proposed and existing Customer Rates (Column D - Column A).

⁶ Column F is the forecast rate change as a result of the proposals (Column E / Column A).

Newfoundland Power Inc.

Revised 2017 Test Year Purchased Power Costs
Adjusted for the flow-through of Hydro's revised Utility Base Rate
(\$000s)

	2017 Test Year Forecast¹					
	Normalized Purchased Energy (GWh)	Billing Demand (MW)⁴	Demand - Energy Rate			Total
			Demand Charge	1st Block	2nd Block	
Revised 2017 Test Year ² (A)	5,908.9	1,277.211	72,804	66,780	303,166	442,750
2017 Test Year ³ (B)	5,908.9	1,278.610	66,288	105,180	276,609	448,077
Change (C) = (A) - (B)	-	(1,399)	6,516	(38,400)	26,557	(5,327)
Change (%) (D) = (C) / (B)						(1.2%)

¹ Approved in Order No. P.U. 25 (2016).

² Based upon Hydro's Utility Base Rate, effective July 1, 2017:

Demand	4.75 \$/kW
1 st Block	22.26 mills
2 nd Block	104.22 mills

³ Based upon Hydro's interim Utility Base Rate, effective July 1, 2015:

Demand	4.32 \$/kW
1 st Block	35.06 mills
2 nd Block	95.09 mills

⁴ Billing demand (MW) has been updated to reflect the revised generation credit of 119.329 MW included in Hydro's Utility Rate. Previously, the generation credit was 117.930 MW. The difference is 1.399 MW.

Newfoundland Power Inc.

Conversion of Existing Base Rates to Proposed Base Rates

Rate Class	Hydro Flow-Through			Proposed Base Rates
	Existing Base Rates	Lower Fuel Costs	Other Cost Decreases	
	(A)	(B)	(C)	(D) = (A) + (B) + (C)
Rate #1.1: Domestic Service				
Basic Customer Charge (B.C.C.)				
Not Exceeding 200 Amp Service	\$15.60	-	-	\$15.60
Exceeding 200 Amp Service	\$20.48	-	-	\$20.48
Energy Charge - All kilowatt hours (¢/kWh)	10.606	(0.023)	(0.070)	10.513
Minimum Monthly Charge				
Not Exceeding 200 Amp Service	\$15.60	-	-	\$15.60
Exceeding 200 Amp Service	\$20.48	-	-	\$20.48
Rate #1.1S: Domestic Seasonal - Optional				
Basic Customer Charge (B.C.C.)				
Not Exceeding 200 Amp Service	\$15.60	-	-	\$15.60
Exceeding 200 Amp Service	\$20.48	-	-	\$20.48
Energy Charge (¢/kWh)				
Winter Seasonal	11.559	(0.023)	(0.070)	11.466
Non-Winter Seasonal	9.309	(0.023)	(0.070)	9.216
Minimum Monthly Charge				
Not Exceeding 200 Amp Service	\$15.60	-	-	\$15.60
Exceeding 200 Amp Service	\$20.48	-	-	\$20.48
Rate #2.1: General Service 0-100 kW				
Basic Customer Charge (B.C.C.)				
Unmetered	\$16.72	-	-	\$16.72
Single Phase	\$20.62	-	-	\$20.62
Three Phase	\$26.47	-	-	\$26.47
Demand Charge (per kW)				
Winter	\$8.97	-	(0.05)	\$8.92
Other	\$6.53	-	(0.05)	\$6.48

Rate Class	Existing Base Rates	Lower Fuel Costs	Other Cost Decreases	Proposed Base Rates
	(A)	(B)	(C)	(D) = (A) + (B) + (C)
Energy Charge (¢/kWh)				
First 3,500 kWh	10.512	(0.023)	(0.067)	10.422
All Excess kWh	7.806	(0.023)	(0.050)	7.733
Maximum Energy Charge (¢/kWh)	18.534	-	(0.119)	18.415
	+ B.C.C.			+ B.C.C.
Minimum Monthly Charge				
Unmetered	\$16.72	-	-	\$16.72
Single Phase	\$20.62	-	-	\$20.62
Three Phase	\$32.33	-	-	\$32.33
Rate #2.3: General Service 110-1000 kVA				
Basic Customer Charge (B.C.C.)	\$48.22	-	-	\$48.22
Demand Charge (per kVA)				
Winter	\$7.58	-	(0.04)	\$7.54
Other	\$5.14	-	(0.04)	\$5.10
Energy Charge (¢/kWh)				
First 150 kWh/kVA				
of billing demand (max. 50,000 kWh)	8.925	(0.023)	(0.053)	8.849
All Excess kWh	7.125	(0.023)	(0.042)	7.060
Maximum Energy Charge (¢/kWh)	18.534	-	(0.119)	18.415
	+ B.C.C.			+ B.C.C.
Minimum Monthly Charge	\$48.22	-	-	\$48.22
Rate #2.4: General Service 1000 kVA and Over				
Basic Customer Charge (B.C.C.)	\$84.03	-	-	\$84.03
Demand Charge (per kVA)				
Winter	\$7.29	-	(0.03)	\$7.26
Other	\$4.85	-	(0.03)	\$4.82
Energy Charge (¢/kWh)				
First 75,000 kWh	8.604	(0.023)	(0.053)	8.528
All Excess kWh	7.059	(0.023)	(0.043)	6.993
Maximum Energy Charge (¢/kWh)	18.534	-	(0.119)	18.415
	+ B.C.C.			+ B.C.C.
Minimum Monthly Charge	\$84.03	-	-	\$84.03

Rate Class	Existing Base Rates	Lower Fuel Costs	Other Cost Decreases	Proposed Base Rates
	(A)	(B)	(C)	(D) = (A) + (B) + (C)
Rate #4.1: Street and Area Lighting Service				
<i>High Pressure Sodium</i>				
HPS 100 W Sentinel/Standard	\$16.79	(0.01)	(0.04)	\$16.74
HPS 100 W Post Top	\$18.12	(0.01)	(0.05)	\$18.06
HPS 150 W Sentinel/Standard	\$20.67	(0.02)	(0.05)	\$20.60
HPS 250 W Sentinel/Standard	\$28.66	(0.02)	(0.07)	\$28.57
HPS 400 W Sentinel/Standard	\$39.27	(0.03)	(0.10)	\$39.14
Poles				
Wood	\$6.12	-	-	\$6.12
30' Concrete or Metal	\$8.74	-	-	\$8.74
45' Concrete or Metal	\$14.31	-	-	\$14.31
25' Concrete or Metal, Post Top	\$6.51	-	-	\$6.51
Underground Wiring (per run)				
All sizes and types of fixtures	\$14.92	-	-	\$14.92

Revised 2017 Test Year Revenue Requirement and Current RSA/MTA
Adjusted for the flow-through of Hydro's Utility Base Rate change
(\$000s)

	<u>2017</u> <u>Test Year</u>	<u>Change</u>	<u>2017</u> <u>Revised</u>
Return on Rate Base	79,440	-	79,440
Other Costs			
Power Supply Cost	448,077	(5,327) ¹	442,750
Operating Costs	59,883	-	59,883
Employee Future Benefit Costs	15,852	-	15,852
Amortization of Deferred Cost Recoveries	(1,032)	-	(1,032)
Depreciation	58,555	-	58,555
Income Taxes	<u>17,572</u>	<u>-</u>	<u>17,572</u>
	598,907	(5,327)	593,580
2017 Revenue Requirement	678,347	(5,327)	673,020
Deductions			
Other Revenue	(4,832)	-	(4,832)
Interest on Security Deposits	24	-	24
Transfers to the RSA	<u>(2,534)</u>	<u>-</u>	<u>(2,534)</u>
	(7,342)	-	(7,342)
2017 Revenue Requirement from Base Rates	<u>671,005</u> ²	<u>(5,327)</u>	<u>665,678</u>
RSA	(66,412) ³	1,376	(65,036)
MTA	<u>15,193</u> ³	<u>(99)</u> ⁴	<u>15,094</u>
Total Customer Billings	<u>619,786</u>	<u>(4,050)</u>	<u>615,736</u>

¹ See Appendix B.

² Approved in Order No. P.U. 25 (2016).

³ Based on RSA/MTA rates effective July 1, 2016, approved in Order No. P.U. 25 (2016).

⁴ The lower revenue requirement from Base Rates will result in lower municipal taxes to be paid. The change is computed as:

	<u>\$000s</u>
Change in revenue requirement from base rates	(5,327)
Change in RSA billings	1,376
Change in revenue accrual and forfeited discounts	<u>20</u>
Change in customer billings applicable to municipal taxes	(3,931)
MTA Factor (July 1, 2016)	2.526%
Change in MTA	(99)

Newfoundland Power Inc.

Average Customer Impacts - Hydro's Utility Base Rate Change
(\$000s)

Category	Revenue Under Existing Rates (A) ¹	Purchased Power Costs (B) ²	Revenue Including Hydro Flow-Through (C) ³	Average Impacts (D) ⁴
1.1 Domestic	394,959	(2,604)	392,355	-0.7%
1.1S Domestic Seasonal	1,997	(13)	1,984	-0.7%
Total Domestic	396,956	(2,617)	394,339	-0.7%
2.1 General Service 0-100 kW (110 kVA)	83,265	(556)	82,709	-0.7%
2.3 General Service 110-1000 kVA	88,324	(602)	87,722	-0.7%
2.4 General Service over 1000 kVA	32,200	(225)	31,975	-0.7%
Total General Service	203,789	(1,383)	202,406	-0.7%
4.1 Street and Area Lighting	16,144	(33)	16,111	-0.2%
Forfeited Discounts	2,897	(17)	2,880	-0.6%
Total	619,786	(4,050)	615,736	-0.7%

¹ Column A is the 2017 forecast customer billings under existing rates effective July 1, 2016, based on 2017 test year revenue requirement billing determinants, which were approved in Order No. P.U. 25 (2016).

² Column B is the 2017 forecast change in customer billings as a result of the flow-through of Hydro's Utility Base Rate change effective July 1, 2017.

³ Column C = Column A + Column B.

⁴ Column D is the forecast rate change as a result of the flow-through of Hydro's Utility Base Rate change (Column B / Column A).

Newfoundland Power Inc.

Average Customer Impacts - RSA/MTA Rate Change
(\$000s)

Category	Revenue Under Existing Rates (A) ¹	Change (B) ²	Revenue Including RSA/MTA Change (C) ³	Average Impacts (D) ⁴
1.1 Domestic	394,959	34,723	429,682	8.8%
1.1S Domestic Seasonal	1,997	168	2,165	8.4%
Total Domestic	396,956	34,891	431,847	8.8%
2.1 General Service 0-100 kW (110 kVA)	83,265	7,615	90,880	9.1%
2.3 General Service 110-1000 kVA	88,324	9,622	97,946	10.9%
2.4 General Service over 1000 kVA	32,200	4,058	36,258	12.6%
Total General Service	203,789	21,295	225,084	10.4%
4.1 Street and Area Lighting	16,144	344	16,488	2.1%
Forfeited Discounts	2,897	-	2,897	
Total	619,786	56,530	676,316	9.1%

¹ Column A is the 2017 forecast customer billings under existing rates effective July 1, 2016, based on 2017 test year revenue requirement billing determinants, which were approved in Order No. P.U. 25 (2016).

² Column B is the 2017 forecast change in customer billings as a result of the annual July 1st RSA/MTA update, effective July 1, 2017.

³ Column C = Column A + Column B.

⁴ Column D is the forecast rate change as a result of the change in RSA/MTA effective July 1, 2017 (Column B / Column A).

Newfoundland Power Inc.
Conversion of Base Rates to Customer Rates¹

Rate Class	Base Rate	Calculation	Customer Rate
A	B	C	D
Rate #1.1: Domestic Service			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.60	$\$15.60 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$16.04
Exceeding 200 Amp Service	\$20.48	Final Not Exceeding 200 Amp Service B.C.C. plus \$5	\$21.04
Energy Charge - All kilowatt hours (¢/kWh)	10.513	$[10.513 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	10.604
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.60	Same as B.C.C.	\$16.04
Exceeding 200 Amp Service	\$20.48	Same as B.C.C.	\$21.04
Rate #1.1S: Domestic Seasonal - Optional			
Basic Customer Charge (B.C.C.)			
Not Exceeding 200 Amp Service	\$15.60	Same as Rate 1.1 B.C.C	\$16.04
Exceeding 200 Amp Service	\$20.48	Same as Rate 1.1 B.C.C	\$21.04
Energy Charge (¢/kWh)			
Winter Seasonal	11.466	Same as Rate 1.1 Customer Energy Charge + 0.953	11.557
Non-Winter Seasonal	9.216	Same as Rate 1.1 Customer Energy Charge - 1.297	9.307
Minimum Monthly Charge			
Not Exceeding 200 Amp Service	\$15.60	Same as B.C.C	\$16.04
Exceeding 200 Amp Service	\$20.48	Same as B.C.C	\$21.04
Rate #2.1: General Service 0-100 kW			
Basic Customer Charge (B.C.C.)			
Unmetered	\$16.72	Final B.C.C Single Phase minus \$4	\$17.20
Single Phase	\$20.62	$\$20.62 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$21.20
Three Phase	\$26.47	Final B.C.C Single Phase plus \$6	\$27.20
Demand Charge (per kW)			
Winter	\$8.92	Other Demand Charge plus \$2.50	\$9.16
Other	\$6.48	$\$6.48 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$6.66
Energy Charge (¢/kWh)			
First 3,500 kWh	10.422	$[10.422 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	10.511
All Excess kWh	7.733	$[7.733 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	7.746
Maximum Energy Charge (¢/kWh)	18.415 + B.C.C.	$[18.415 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	18.728 + B.C.C.
Minimum Monthly Charge			
Unmetered	\$16.72	Same as B.C.C. Un-Metered	\$17.20
Single Phase	\$20.62	Same as B.C.C. Single Phase	\$21.20
Three Phase	\$32.33	Same as B.C.C. Single Phase plus \$12	\$33.20

¹ Customer Rates calculated based upon RSA and the MTA Factor effective July 1st, 2017.

Newfoundland Power Inc.
Conversion of Base Rates to Customer Rates¹

Rate Class A	Base Rate B	Calculation C	Customer Rate D
Rate #2.3: General Service 110-1000 kVA			
Basic Customer Charge (B.C.C.)	\$48.22	$\$48.22 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$49.57
Demand Charge (per kVA)			
Winter	\$7.54	Other Demand Charge plus \$2.50	\$7.74
Other	\$5.10	$\$5.10 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$5.24
Energy Charge (¢/kWh)			
First 150 kWh/kVA of billing demand (max. 50,000 kWh)	8.849	$[8.849 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	8.894
All Excess kWh	7.060	$[7.060 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	7.055
Maximum Energy Charge (¢/kWh)	18.415 + B.C.C.	$[18.415 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	18.728 + B.C.C.
Minimum Monthly Charge	\$48.22	Same as B.C.C.	\$49.57
Rate #2.4: General Service 1000 kVA and Over			
Basic Customer Charge (B.C.C.)	\$84.03	$\$84.03 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$86.39
Demand Charge (per kVA)			
Winter	\$7.26	Other Demand Charge plus \$2.50	\$7.46
Other	\$4.82	$\$4.82 \times (1 - 0.015) \times 1.02806 \times [1 / (1 - 0.015)]$	\$4.96
Energy Charge (¢/kWh)			
First 75,000 kWh	8.528	$[8.528 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	8.564
All Excess kWh	6.993	$[6.993 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	6.986
Maximum Energy Charge (¢/kWh)	18.415 + B.C.C.	$[18.415 \times (1 - 0.015) - 0.195] \times 1.02806 \times [1 / (1 - 0.015)]$	18.728 + B.C.C.
Minimum Monthly Charge	\$84.03	Same as B.C.C.	\$86.39

¹ Customer Rates calculated based upon RSA and the MTA Factor effective July 1st, 2017.

Newfoundland Power Inc.

Conversion of Base Rates to Customer Rates¹

Rate Class	Base Rate	Monthly kWh	Calculation	Final Rate
A	B	C	D	E

Rate #4.1: Street and Area Lighting Service²

High Pressure Sodium

HPS 100 W Sentinel/Standard	\$16.74	38	$[16.74 + (38 \times -0.195 \text{ ¢/kWh})] \times 1.02806$	\$17.13
HPS 100 W Post Top	\$18.06	38	$[18.06 + (38 \times -0.195 \text{ ¢/kWh})] \times 1.02806$	\$18.49
HPS 150 W Sentinel/Standard	\$20.60	60	$[20.60 + (60 \times -0.195 \text{ ¢/kWh})] \times 1.02806$	\$21.06
HPS 250 W Sentinel/Standard	\$28.57	105	$[28.57 + (105 \times -0.195 \text{ ¢/kWh})] \times 1.02806$	\$29.16
HPS 400 W Sentinel/Standard	\$39.14	163	$[39.14 + (163 \times -0.195 \text{ ¢/kWh})] \times 1.02806$	\$39.91

Poles

Wood	\$6.12		6.12×1.02806	\$6.29
30' Concrete or Metal	\$8.74		8.74×1.02806	\$8.99
45' Concrete or Metal	\$14.31		14.31×1.02806	\$14.71
25' Concrete or Metal, Post Top	\$6.51		6.51×1.02806	\$6.69

Underground Wiring (per run)

All sizes and types of fixtures	\$14.92		14.92×1.02806	\$15.34
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¹ Customer Rates calculated based upon RSA and the MTA Factor effective July 1st, 2017.

² Early payment discount does not apply to Street and Area Lighting rates.

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

	<u>July 1st, 2016 Existing Rates</u>	<u>July 1st, 2017 Proposed Rates</u>
<u>Domestic - Rate #1.1</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.99/month	\$16.04/month
Exceeding 200 Amp Service	\$20.99/month	\$21.04/month
Energy Charge - All kilowatt hours	9.719 ¢/kWh	10.604 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.99/month	\$16.04/month
Exceeding 200 Amp Service	\$20.99/month	\$21.04/month
Prompt Payment Discount	1.5%	1.5%
<u>Domestic - Rate #1.1S</u>		
Basic Customer Charge		
Not Exceeding 200 Amp Service	\$15.99/month	\$16.04/month
Exceeding 200 Amp Service	\$20.99/month	\$21.04/month
Energy Charge		
Winter Seasonal	10.672 ¢/kWh	11.557 ¢/kWh
Non-Winter Seasonal	8.422 ¢/kWh	9.307 ¢/kWh
Minimum Monthly Charge		
Not Exceeding 200 Amp Service	\$15.99/month	\$16.04/month
Exceeding 200 Amp Service	\$20.99/month	\$21.04/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

	<u>July 1st, 2016 Existing Rates</u>	<u>July 1st, 2017 Proposed Rates</u>
<u>G.S. 0-100 kW (110 kVA) - Rate #2.1</u>		
Basic Customer Charge		
Unmetered	\$17.14/month	\$17.20/month
Single Phase	\$21.14/month	\$21.20/month
Three Phase	\$27.14/month	\$27.20/month
Demand Charge Regular	\$9.19/kW - winter \$6.69/kW - other	\$9.16/kW - winter \$6.66/kW - other
Energy Charge		
First 3,500 kilowatt-hours	9.622 ¢/kWh	10.511 ¢/kWh
All excess kilowatt-hours	6.848 ¢/kWh	7.746 ¢/kWh
Maximum Monthly Charge	19.002 ¢/kWh + B.C.C.	18.728 ¢/kWh + B.C.C.
Minimum Monthly Charge		
Unmetered	\$17.14/month	\$17.20/month
Single Phase	\$21.14/month	\$21.20/month
Three Phase	\$33.14/month	\$33.20/month
Prompt Payment Discount	1.5%	1.5%
<u>G.S. 110-1000 kVA - Rate #2.3</u>		
Basic Customer Charge	\$49.44/month	\$49.57/month
Demand Charge	\$7.77/kVA-winter \$5.27/kVA-other	\$7.74/kVA-winter \$5.24/kVA-other
Energy Charge		
First 150 kWh per kVA of demand (max. 50,000)	7.995 ¢/kWh	8.894 ¢/kWh
All Excess kWh	6.150 ¢/kWh	7.055 ¢/kWh
Maximum Monthly Charge	19.002 ¢/kWh + B.C.C.	18.728 ¢/kWh + B.C.C.

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

	July 1 st , 2016 <u>Existing Rates</u>	July 1 st , 2017 <u>Proposed Rates</u>
Minimum Monthly Charge	\$49.44/month	\$49.57/month
Prompt Payment Discount	1.5%	1.5%
<u>G.S. 1000 kVA and Over - Rate #2.4</u>		
Basic Customer Charge	\$86.15/month	\$86.39/month
Demand Charge	\$7.47/kVA-winter \$4.97/kVA-other	\$7.46/kVA-winter \$4.96/kVA-other
Energy Charge		
First 75,000 kWh	7.666 ¢/kWh	8.564 ¢/kWh
All Excess kWh	6.082 ¢/kWh	6.986 ¢/kWh
Maximum Monthly Charge	19.002 ¢/kWh + B.C.C.	18.728 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$86.15/month	\$86.39/month
Prompt Payment Discount	1.5%	1.5%

Newfoundland Power Inc.

Summary of Existing and Proposed Customer Rates
(Includes Municipal Tax and Rate Stabilization Adjustments)

Street and Area Lighting Rates

		July 1 st , 2016 <u>Existing Rates</u>	July 1 st , 2017 <u>Proposed Rates</u>
<u>Fixtures</u>			
<u>Sentinel/Standard</u>			
High Pressure Sodium	100W	\$16.78	\$17.13
	150W	20.51	21.06
	250W	28.19	29.16
	400W	38.41	39.91
<u>Post Top</u>			
High Pressure Sodium	100W	\$18.15	\$18.49
<u>Poles</u>			
Wood		\$6.27	\$6.29
30' Concrete or Metal, direct buried		8.96	8.99
45' Concrete or Metal, direct buried		14.67	14.71
25' Concrete or Metal, Post Top, direct buried		6.67	6.69
<u>Underground Wiring (per run)</u>			
All sizes and types of fixtures		\$15.30	\$15.34

Calculation of the Rate Stabilization Adjustment effective July 1, 2017

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2017 is calculated:

(i) by removing the previous Rate Stabilization Adjustment of (1.110) cents/kWh; and

(ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

$$B1 = \text{Amount owed to Hydro: Current Plan}^1 \\ (10.43) \text{ mills/kWh} \times 5,868,946,088 = \$ (61,213,108)$$

$$B2 = \text{Amount owed to Hydro: CDM Cost Recovery Adjustment} \\ 0.19 \text{ mills/kWh} \times 5,844,734,737 = \$ 1,110,500$$

$$C = \text{Balance in the Applicant's RSA at March 31, 2017} = \$ 9,035,016$$

$$D = \text{Total Energy Sales by the Applicant from April 1, 2016 to March 31, 2017} = 5,949,866,000 \text{ kWh}$$

$$\begin{aligned} \text{Recovery Adjustment Factor} &= \frac{B1 + B2 + C}{D} \\ &= \frac{\$(61,213,108) + \$1,110,500 + \$9,035,016}{5,949,866,000} \\ &= (0.00858) \text{ \$/kWh or } (0.858) \text{ cents/kWh} \end{aligned}$$

Fuel Rider Adjustment Factor:

$$D = \text{Corresponds to D above} = 5,949,866,000 \text{ kWh}$$

$$E = \text{Total Energy Sales to the Company by Hydro from April 1, 2016 to March 31, 2017} = 5,868,946,088 \text{ kWh}$$

$$F = \text{The Fuel Rider charged to Newfoundland Power through Hydro's RSP} = 0.672 \text{ cents/kWh}$$

$$\begin{aligned} \text{Fuel Rider Adjustment Factor} &= \frac{E \times F}{D} \\ &= \frac{5,868,946,088 \times 0.672}{5,949,866,000} \\ &= 0.663 \text{ cents/kWh} \end{aligned}$$

$$\begin{aligned} \text{Total Rate Stabilization Adjustment} &= \text{Recovery Adjustment Factor} + \text{Fuel Rider Adjustment Factor} \\ &= (0.858) \text{ cents/kWh} + 0.663 \text{ cents/kWh} \end{aligned}$$

$$\text{Rate Stabilization Adjustment} = (0.195) \text{ cents/kWh}$$

¹ Includes the annual Current Plan adjustment of (1.32) mills/kWh and the RSP Mitigation Adjustment of (9.11) mills/kWh.

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2017 to June 30, 2018**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2017 to June 30, 2018 is calculated as follows:

$$X = \text{Amount of all municipal taxes paid in 2016} = \$17,560,055$$

$$Y = \text{Amount of Revenue earned in 2016 to which MTA factor shall apply, calculated as follows:}$$

$$\text{Normalized Revenue from rates for 2016} = \$661,381,000$$

$$\text{Add: RSA Billings for 2016} = \$ (27,957,000)$$

$$\text{Add: 2016 Weather Normalization Revenue Adj.} = (\$5,164,000)$$

$$\text{Less: Forfeited Discounts} = \$2,507,000$$

$$Y = \$625,753,000$$

$$\text{Municipal Tax Adjustment Factor} = \frac{X}{Y} + 1.00000$$

$$= \frac{\$17,560,055}{\$625,753,000} + 1.00000$$

$$\text{Municipal Tax Adjustment Factor} = \mathbf{1.02806}$$

NEWFOUNDLAND POWER INC.
SCHEDULE
OF
RATES, RULES AND REGULATIONS
Effective July 1, 2017

Effective July 1, 2017

NEWFOUNDLAND POWER INC.
RATES, RULES AND REGULATIONS
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NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

1. INTERPRETATION:

- (a) In these Rates, Rules and Regulations the following definitions shall apply:
 - (i) "Act" means The Public Utilities Act RSN 1970 c. 322 as amended from time to time.
 - (ii) "Applicant" means any person who applies for Service.
 - (iii) "Board" means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
 - (iv) "Company" means Newfoundland Power Inc.
 - (v) "Customer" means any person who accepts or agrees to accept Service.
 - (vi) "Disconnected" or "Disconnect" in reference to a Service means the physical interruption of the supply of electricity thereto.
 - (vii) "Discontinued" or "Discontinue" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.
 - (viii) "Domestic Unit" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.
 - (ix) "Service" means any service(s) provided by the Company pursuant to these Regulations.
 - (x) "Serviced Premises" means the premises at which Service is delivered to the Customer.
- (b) Unless the context requires otherwise these Rates, Rules and Regulations shall be interpreted such that
 - (i) words imparting male persons include female persons and corporations.
 - (ii) words imparting the singular include the plural and vice versa.

2. CLASSES OF SERVICE:

- (a) The Company shall provide the following classes of Service:
 - (i) Domestic Service
 - (ii) General Service, 0-100 kW (110 kVA)
 - (iii) General Service, 110 kVA (100 kW) - 1000 kVA
 - (iv) General Service, 1000 kVA and Over
 - (v) Street and Area Lighting Service
- (b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.
- (c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and, in the opinion of the Company, can be readily determined without metering.

NEWFOUNDLAND POWER INC.

RULES AND REGULATIONS

- (d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part, except that the Customer may include the cost of Service in charges for the lease of space, or as part of the cost of other services provided by the Customer.

3. APPLICATION FOR SERVICE:

- (a) An Applicant, when required by the Company, shall complete a written Electrical Service Contract.
- (b) An application for Service, when accepted by the Company, constitutes a binding contract between the Applicant and the Company which cannot be assigned.
- (c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another person denoted as the Applicant on the application for Service.
- (d) The Company may in its discretion refuse to provide Service to an Applicant where:
 - (i) the Applicant fails or refuses to complete an application for Service.
 - (ii) the Applicant provides false or misleading information on the application for Service.
 - (iii) the Applicant or the owner or an occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.
 - (iv) the Applicant fails to provide the security or guarantee required under Regulation 4.
 - (v) the Applicant is not the owner or an occupant of the Serviced Premises.
 - (vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having his Service Discontinued.
 - (vii) the Applicant does not pay a charge described in Regulation 9 (b), (c), or (d).
 - (viii) the Applicant otherwise fails to comply with these Regulations.
- (e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by the Company in writing.

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4. SECURITY FOR PAYMENT:

- (a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by the Company pursuant to its Customer Deposit Policy as approved by the Board, from time to time.
- (b) The Company may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

5. SERVICE STANDARDS - METERED SERVICES:

- (a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three-phase supply:

Single-phase, 3 wire, 120/240 volts
Three-phase, 4 wire, 120/208 volts wye
Three-phase, 4 wire, 347/600 volts wye

Service at any other supply voltage may be provided in special cases at the discretion of the Company.

- (b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volts or as part of a multiunit building, at single phase 120/208 volts. The Company may, if requested by the customer, provide three phase service if a contribution in aid of construction is paid to the Company in accordance with Regulation 9(c).
- (c) The Company shall not be required to provide services at 50 hertz except to those Serviced Premises receiving 50 hertz power continuously since May 13, 1977.
- (d) The Company shall determine the point at which power and energy is delivered from the Company's facilities to the Customer's electrical system.
- (e) Service entrances shall be in a location satisfactory to the Company and, except as otherwise approved by the Company, shall be wired for outdoor meters.
- (f) Where the Company has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by the Company provide and install, at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

NEWFOUNDLAND POWER INC.

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- (g) (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas served by underground wiring or where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank or pad transformer, shall, on request of the Company, provide at its expense a suitable vault or enclosure on the Serviced Premises for exclusive use by the Company for its equipment necessary to supply and maintain service to the Customer.
- (ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to the Company's system which cannot be accommodated in the Company's existing vaults or structures, the Customer shall, on request of the Company, provide at the Customer's expense such additional space in its vault or enclosure as the Company shall require to accommodate the additional equipment.
- (h) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower, except where specifically approved by the Company.
- (i) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. The Company, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by the Company provide, at his expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.
- (j) The Company shall provide transformation for Service up to 500 kVA where the required service voltage is one of the Company's standard service voltages and installation is in accordance with the Company's standards. In other circumstances, the Company, on such conditions as it deems acceptable, may provide the transformation.
- (k) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1, and, where applicable, in accordance with the Company's specifications. However, the provision of Service shall not in any way be construed as acceptance by the Company of the Customer's electrical system.
- (l) The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of the Company.

NEWFOUNDLAND POWER INC.

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6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

- (a) For Street and Area Lighting Service the Company shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. The Company shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.
- (b) The Company shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead or underground conductors, control equipment and other devices.
- (c) The Company shall not be required to provide Street And Area Lighting Service where, in the opinion of the Company, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.
- (d) The Company shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.
- (e) The location of fixtures for Street and Area Lighting Service shall be determined by the Company in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.
- (f) The Company does not guarantee that fixtures used for Street And Area Lighting Service will illuminate any specific area.
- (g) The Company shall not be required to provide additional Street And Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, his bill for such Service has been in arrears for more than 30 days.

7. METERING:

- (a) Service to each building shall be metered separately except as provided in Regulation 7(b).
- (b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the Customer supplies and maintains all distribution facilities beyond the point of supply.
- (c) Except as provided in Regulation 7(d), Service to each new Domestic Unit shall be metered separately.
- (d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of the Company, be metered together.

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- (e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.
- (f) Where the Service to a Domestic Unit has a connected load for commercial or non-domestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.
- (g) The Company shall not be required to provide more than one meter per Service, however submetering by the Customer for any purpose not inconsistent with these Regulations, is permitted.
- (h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.
- (i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of the Company, may be based on:
 - (i) 80% of the connected load, where the demand does not exceed 100 kW, or
 - (ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or
 - (iii) the kilowatt-hour consumption divided by an appropriate number of hours use where demand is less than 10 kW.
- (j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable rate is in kVA and in kW if the applicable rate is in kW.

If the demand is recorded on a kVA meter but the applicable rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.
- (k) The Customer shall ensure that meters and related equipment are visible and readily accessible to the Company's personnel and are suitably protected. Unless otherwise approved by the Company, meters shall be located outdoors and shall not subsequently be enclosed.

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- (l) If a meter is located indoors and Company employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by the Company, provide for the installation of an outdoor meter at his expense.
- (m) In the event that a dispute arises regarding the accuracy of a meter, and the Company is unable to resolve the matter with the Customer then either the Customer or the Company shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by the Company. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. The Company may require a Customer to deposit with the Company in advance of testing, an amount sufficient to cover the costs involved.
- (n) Metering shall normally be at secondary distribution voltage level but may at the option of the Company be at the primary distribution level. When metering is at the primary distribution voltage (4 - 25 kV) the monthly demand and energy consumption shall be reduced by 1.5%.

8. METER READING:

- (a) Where reasonably possible the Company shall read meters monthly provided that the Company may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and the Company will estimate the readings for all other months.
- (b) If the Company is unable to obtain a meter reading due to circumstances beyond its reasonable control, the Company may estimate the reading.
- (c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

9. CHARGES:

- (a) Every Customer shall pay the Company the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.

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- (b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay the Company a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material. The payment may be required in advance or, subject to credit approval, billed to the Customer.
- (c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay the Company the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the Customer.
- (d) The Customer shall pay the Company in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.
- (e) The Customer shall pay the Company the amount set forth in the rate for all poles required for Street and Area Lighting Service which are in addition to those installed by the Company for the distribution of electricity. This charge shall not apply to Company poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.
- (f) Where a Service is Disconnected pursuant to Regulation 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee.

Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee.

The reconnection fee shall be \$20.00 where the reconnection is done during normal office hours or \$40.00 if it is done at other times.

- (g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.

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- (h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11 (a), (b) or (c), or 9 (i), or when a Customer requests removal of existing fixtures, poles, and/or underground wiring, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles and/or underground wiring to be Discontinued or removed.
- (ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.
- (iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole and underground wiring.
- (i) Where Street and Area Lighting fixtures or lamps are wantonly, wilfully, or negligently damaged or destroyed (other than through the negligence of the Company), the Company, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the Customer contacts the Company within thirty days of the date on the letter and agrees to pay the repair costs in advance and all future repair costs, the Company will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, the Company, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to the Company in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.
- (j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of the Company.
- (k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides his own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:
 - (i) for supply at 4 kV to 25 kV \$0.40 per kVA
 - (ii) for supply at 33 kV to 138 kV \$0.90 per kVA

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- (l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to the Company, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.
- (m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.
- (n) An application fee of \$8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Service Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

10. BILLING:

- (a) The Company shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised the Company may issue an additional bill.
- (b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.
- (c) Bills are due and payable when issued. Payment shall be made at such place(s) as the Company may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is \$50.00 or more, the Company may charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.
- (d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of \$16.00 may be applied to the Customer's bill.
- (e) Where a Customer is billed on the basis of an estimated charge an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.
- (f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service, or a Service is Discontinued, the Company may base the billing on an estimate of the reading as of the date of change.
- (g) Where a Customer has been underbilled due to an error on the part of the Company or due to an act or omission by a third party, the Customer may, at the discretion of the Company, be relieved of the responsibility for all or any part of the amount of the underbilling.

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11. DISCONTINUANCE OF SERVICE:

- (a) A Service may be Discontinued by the Customer at any time upon prior notice to the Company provided that the Company may require 10 days prior notice in writing.
- (b) A Service may be Discontinued by the Company upon 10 days prior notice in writing to the Customer if the Customer:
 - (i) provided false or misleading information on the application for the Service.
 - (ii) fails to provide security or guarantee for the Service required under Regulation 4.
- (c) A Service may be Discontinued by the Company without notice if the Service was Disconnected pursuant to Regulation 12, and has remained Disconnected for over 30 consecutive days.
- (d) When the Company accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that service is signed by a landlord under Regulation 11(f).
- (e) Where a Service has been Discontinued, the Service may, at the option of the Company and subject to Regulation 12(a), remain connected.
- (f) A landlord may sign an agreement with the Company to accept charges for Service provided to a rental premise for all periods when the Company does not have a contract for Service with a tenant for that premise.

12. DISCONNECTION OF SERVICE:

- (a) The Company shall Disconnect a Service within 10 days of receipt of a written request from the Customer.
- (b) The Company may Disconnect a Service without notice to the Customer:
 - (i) where the Service has been Discontinued,
 - (ii) on account of or to prevent fraud or abuse,
 - (iii) where in the opinion of the Company the Customer's electrical system is defective and represents a danger to life or property,
 - (iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations,
 - (v) where the Customer has a building or structure under the Company's wires which is within the minimum clearances recommended by the Canadian Standards Association, or
 - (vi) when ordered to do so by any authority having the legal right to issue such order.

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- (c) The Company may, in accordance with its Collection Policies filed with the Board, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 days or more after issuance.
- (d) The Company may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.
- (e) The Company may refuse to reconnect a Service if the Customer is in violation of any provisions of these Regulations or if the Customer has a bill for any Service which is unpaid.
- (f) The Company may Disconnect a Service to make repairs or alterations. Where reasonable and practical the Company shall give prior notice to the Customer.
- (g) The Company may Disconnect the Service to a rental premises where the landlord has an agreement with the Company authorizing the Company to Disconnect the Service for periods when the Company does not have a contract for Service with a tenant of that premises.

13. PROPERTY RIGHTS:

- (a) The Customer shall provide the Company with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.
- (b) The Company shall have the right to install, remove or replace such of its property as it deems necessary.
- (c) The Customer shall provide the Company with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.
- (d) All equipment and facilities provided by the Company shall remain the property of the Company unless otherwise agreed in writing.
- (e) The Customer shall not unreasonably interfere with the Company's access to its property.
- (f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to the Company's poles or other property except by prior written permission of the Company.
- (g) The Customer shall allow the Company to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.
- (h) The Customer shall not erect any buildings or obstructions on any of the Company's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of the Company.

NEWFOUNDLAND POWER INC.

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14. COMPANY LIABILITY:

The Company shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond the reasonable control of the Company.

15. GENERAL:

- (a) No employee, representative or agent of the Company has the authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on the Company.
- (b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by the Company to the Customer's last known address, whichever is sooner.

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NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan ("RSP").

I. RATE STABILIZATION ADJUSTMENT ("A")

The Rate Stabilization Adjustment ("A") shall be calculated as the total of the Recovery Adjustment Factor and the Fuel Rider Adjustment.

The Recovery Adjustment Factor shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA.

The Recovery Adjustment Factor expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B1 + B2 + C}{D}$$

Where:

B1 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.

B2 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's CDM Cost Recovery Adjustment.

C = the balance in the Company's RSA as of March 31st of the current year.

D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

The Fuel Rider Adjustment shall be recalculated annually, effective the first day of July in each year, to reflect changes in the RSP fuel rider applicable to Newfoundland Power. The Fuel Rider Adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{E \times F}{D}$$

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

I. RATE STABILIZATION ADJUSTMENT ("A") (Cont'd)

Where:

D = corresponds to the D above.

E = the total kilowatt-hours of energy (including secondary energy) sold to the Company by Hydro during the 12 months ending March 31 of the current year.

F = the fuel rider designated to be charged to Newfoundland Power through Hydro's RSP.

The Rate Stabilization Adjustment ("A") shall be recalculated and be applied as of the effective date of a new wholesale mill rate by Hydro, by resetting the Fuel Rider Adjustment included in the Rate Stabilization Adjustment to zero.

II. RATE STABILIZATION ACCOUNT ("RSA")

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:

(i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of the operation of its Rate Stabilization Plan.

(ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

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NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

P = the 2nd block base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

(iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = the price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = the kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

(iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

(v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly streetlighting rates are as follows:

	Fixture Size (watts)				
	<u>100</u>	<u>150</u>	<u>175</u>	<u>250</u>	<u>400</u>
Mercury Vapour	-	-	840	1,189	1,869
High Pressure Sodium	454	714	-	1,260	1,953

4. On December 31, 2017, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the change in base rates attributable to the flow through of Hydro's wholesale rate change, effective July 1, 2017, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged by Hydro effective July 1, 2017.

The methodology to calculate the RSA adjustment at December 31, 2017 is as follows:

Calculation of increase in Revenue:

2017 Revenue with Flow-through (Q)	\$ -
2017 Revenue without Flow-through (R)	<u>\$ -</u>
Increase in Revenue (S = Q – R)	\$ -

Calculation of increase in Purchased Power Expense:

2017 Purchased Power Expense with Hydro Increase (T)	\$ -
2017 Purchased Power Expense without Hydro Increase (U)	<u>\$ -</u>
Increase in Purchased Power Expense (V = T – U)	\$ -

Adjustment to Rate Stabilization Account (W = S – V)	\$ -
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Where:

- Q = Normalized revenue from base rates effective July 1, 2017.
- R = Normalized revenue from base rates determined based on rates effective July 1, 2016.
- T = Normalized purchased power expense from Hydro's wholesale rate effective July 1, 2017 (not including RSP rate).
- U = Normalized purchased power expense determined based on Hydro's wholesale rate effective July 1, 2015 (not including RSP rate).

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

5. On December 31st of each year from 2008 until further order of the Board, the Rate Stabilization Account (RSA) shall be increased (reduced) by the Energy Supply Cost Variance.

This Energy Supply Cost Variance identifies the change in purchased power cost that is related to the difference between purchasing energy at the 2nd block energy charge in the wholesale rate and the test year energy supply cost reflected in customer rates.

The Energy Supply Cost Variance expressed in dollars shall be calculated as follows:

$$\frac{(A - B) \times (C - D)}{100}$$

Where:

- A = the wholesale rate 2nd block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized annual purchases in kWh.
- D = the test year annual purchases in kWh.

6. The RSA shall be adjusted by any other amount as ordered by the Board.
7. On March 31st of each year, beginning in 2014, the Rate Stabilization Account shall be increased on a before tax basis, by the CDM Cost Recovery Transfer.

The CDM Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account (the "CDM Cost Deferral") over a seven-year period, commencing in the year following the year in which the CDM Cost Deferral is charged to the Conservation and Demand Management Cost Deferral Account.

The CDM Cost Deferral Account will identify the year in which each CDM Cost Deferral was incurred.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

The CDM Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/7th of each CDM Cost Deferral, which individual amounts shall be included in the CDM Cost Recovery Transfer for seven years following the year in which the CDM Cost Deferral was recorded.

8. On March 31st of each year, beginning in 2013, the Rate Stabilization Account shall be increased (reduced), on a before tax basis, by the balance in the Weather Normalization Reserve accrued in the previous year.

III. RATE CHANGES

The energy charges in each rate classification shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.

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NEWFOUNDLAND POWER INC.

MUNICIPAL TAX CLAUSE

I. MUNICIPAL TAX ADJUSTMENT ("MTA")

The Company shall include a MTA in its rates to reflect taxes charged to the Company by municipalities.

A MTA factor shall be calculated annually, effective the first day of July in each year, to collect over the following twelve (12) month period, an amount to cover municipal taxes. The MTA factor rounded to the nearest fifth decimal shall be calculated as follows:

$$\frac{X}{Y} + 1.00000$$

Where:

X = the amount of all municipal taxes paid by the Company in the previous calendar year.

Y = the amount of revenue earned by the Company in the previous calendar year less the amount collected by the Company under the Municipal Tax Clause in that year.

The MTA factor shall apply to all charges in all rate descriptions. These charges shall be adjusted annually effective the first day of July in each year to reflect changes in the MTA factor. The new charges rounded to the nearest significant number expressed in the rate descriptions shall be determined by multiplying each charge by the MTA factor. The new charges shall apply to all bills based on consumption on and after the first day of July.

The MTA factor shall be applied after application of the Rate Stabilization Adjustment.

**NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE**

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Not Exceeding 200 Amp Service	\$16.04 per month
Exceeding 200 Amp Service	\$21.04 per month

Energy Charge:

All kilowatt-hours	@10.604¢ per kWh
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Minimum Monthly Charge:

Not Exceeding 200 Amp Service	\$16.04 per month
Exceeding 200 Amp Service	\$21.04 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

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NEWFOUNDLAND POWER INC.
RATE #1.1S
DOMESTIC SEASONAL - OPTIONAL

Availability:

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

Rate:

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):

All kilowatt-hours @ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):

All kilowatt-hours @ (1.297)¢ per kWh

Special Conditions:

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Unmetered	\$17.20 per month
Single Phase	\$21.20 per month
Three phase	\$27.20 per month

Demand Charge:

\$9.16 per kW of billing demand in the months of December, January, February and March and \$6.66 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month in excess of 10 kW.

Energy Charge:

First 3,500 kilowatt-hours	@ 10.511¢ per kWh
All excess kilowatt-hours	@ 7.746¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 18.728 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Minimum Monthly Charge:

Unmetered	\$17.20 per month
Single Phase	\$21.20 per month
Three Phase	\$33.20 per month

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

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NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$49.57 per month

Demand Charge:

\$7.74 per kVA of billing demand in the months of December, January, February and March and \$5.24 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 50,000 kilowatt-hours @ 8.894¢ per kWh
All excess kilowatt-hours @ 7.055¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 18.728 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$86.39 per month

Demand Charge:

\$7.46 per kVA of billing demand in the months of December, January, February and March and \$4.96 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 75,000 kilowatt-hours @ 8.564¢ per kWh
All excess kilowatt-hours @ 6.986¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 18.728 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Discount:

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

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NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

	Sentinel/Standard	Post Top
High Pressure Sodium		
100W (8,600 lumens)	\$17.13	\$18.49
150W (14,400 lumens)	21.06	-
250W (23,200 lumens)	29.16	-
400W (45,000 lumens)	39.91	-

Special poles used exclusively for lighting service**

Wood	\$6.29
30' Concrete or Metal, direct buried	8.99
45' Concrete or Metal, direct buried	14.71
25' Concrete or Metal, Post Top, direct buried	6.69

Underground Wiring (per run)**

All sizes and types of fixtures	\$15.34
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Customers that reduce their demand in aggregate will be treated as a single Customer under this rate option. The aggregated Customer must provide a single point of contact for a request to Curtail.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

$$\text{Curtailment Credit} = \text{Contracted Demand Reduction} \times \$29 \text{ per kVA}$$

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

$$\text{Maximum Demand Curtailed} = (\text{Maximum Winter Demand} - \text{Firm Demand})$$

$$\text{Peak Period Load Factor} = \frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

$$\text{Curtailment Credit} = ((\text{Maximum Demand Curtailed} \times 50\%) + (\text{Maximum Demand Curtailed} \times 50\% \times \text{Peak Period Load Factor})) \times \$29 \text{ per kVA}$$

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

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NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced for failure to Curtail in a winter period as follows:

1. For the first 5 curtailment requests the Curtailment Credit will be reduced 25% for each failure to Curtail.
2. After the 5th curtailment 50% of the remaining Curtailment Credit, if any, will become vested ("Vested Curtailment Credit").
3. For all remaining curtailment requests the Curtailment Credit will be reduced by 12.5% for each additional failure to Curtail.

If a Customer fails to Curtail four times during a winter period, then:

1. The Customer shall only be entitled to the Vested Curtailable Credit, if any.
2. The Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)

Availability:

For Customers who use generation on their Serviced Premises to offset part or all of the electrical energy requirements of the Serviced Premises. Energy generated in excess of the requirements of the Serviced Premises is permitted to be credited against the Customer's energy purchases from the Company in accordance with this rate option.

Net Metering Service is available for any Serviced Premises that is supplied from the Company's distribution system, is billed under one of the Company's metered service rates, and which has generation electrically connected to it that meets the requirements of these provisions. Net Metering Service is not available for un-metered service accounts.

In order to avail of the Net Metering Service Option, Customers must submit a completed Net Metering Service Application to the Company demonstrating the Customer's eligibility for Net Metering Service.

Availability of the Net Metering Service Option will be closed once the provincial aggregate generating capacity for Net Metering Service of 5.0 MW has been met.

Customers that avail of the Net Metering Service Option must maintain compliance with all requirements of this Option. The Company shall have the right to verify compliance through inspection or testing.

Metering:

Net Metering Service will ordinarily be metered using a Company-supplied single meter capable of registering the flow of electrical energy in two directions. The meter will separately capture both the energy supplied to the Customer by the Company and the energy supplied to the Company by the Customer.

At the Company's option, the output of the Customer's generation may be metered separately. In that case, the Customer shall provide the Company with the access necessary to install and maintain the required metering equipment.

The Customer shall pay all costs to upgrade the metering equipment for Net Metering Service if the existing electrical meter at the Serviced Premises is not capable of safely and reliably measuring both the energy supplied to the Customer by the Company and the energy supplied to the Company by the Customer.

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NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)

Billing:

Each account availing of Net Metering Service will be billed on the rate normally applicable to the Customer's class of Service.

The Customer's net monthly bill will be determined by deducting the Customer Generation Credit from the total of all charges for Service. The Customer Generation Credit equals the Generation Energy Credit, in kilowatt-hours ("kWh") multiplied by the rate applicable to the Customer's class of Service during the billing month.

The "Generation Energy Credit" is the sum of the kWh energy supplied by the Customer to the Company during the billing month plus Banked Energy Credits. The Generation Energy Credit for a billing month shall not exceed the energy supplied by the Company to the Customer during that month.

"Banked Energy Credits" are the amount of kWh energy supplied by the Customer to the Company that exceeds the kWh energy supplied by the Company to the Customer. Banked Energy Credits in excess of those used to calculate the Generation Energy Credit for a billing month will be carried forward to the following month.

The balance of the Customer's Banked Energy Credits carried forward will be settled annually by means of a credit on the Customer's bill for the Annual Review Billing Month. The Annual Review Billing Month will be determined by the Customer, in consultation with the Company, during the process of implementing Net Metering Service. Settlement of Banked Energy Credits will be computed based upon the then-current 2nd block energy charge in Newfoundland and Labrador Hydro's Utility Rate applicable to service provided to the Company.

Whenever a Customer's participation in the Net Metering Service Option is discontinued, any unused Banked Energy Credits will be settled with a credit on the Customer's next bill.

All customers must pay Harmonized Sales Tax (HST) on the energy supplied by the Company to the Customer during the billing month. If a Customer availing of Net Metering Service is required by law to collect HST on the energy they supply to the Company, the Company will pay HST to the Customer based on the amount of the Customer Generation Credit. It is the Customer's responsibility to notify the Company in writing if they are required to collect HST on the energy they supply to the Company.

NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)

Special Conditions:

Special conditions in this clause do not supersede, modify or nullify the conditions accompanying the metered rate schedules applicable to the Customer's class of Service.

To avail of Net Metering Service, a single Customer must own and maintain responsibility for the Serviced Premises, the generation and the electrical facilities connecting it to the Company's distribution system.

To qualify for Net Metering Service, the Customer's generation must meet the following requirements:

- i) be designed not to exceed the annual energy requirements of the buildings and facilities metered together on the Serviced Premises;
- ii) have a manufacturer's nameplate capacity rating totaling not more than 100 kW, except where a lower rating is stipulated by the Company for technical reasons;
- iii) be electrically connected through Customer-owned electrical facilities to the Serviced Premises to which Net Metering Service is being provided;
- iv) produce electrical energy from a renewable energy source, including wind, solar, photovoltaic, geothermal, tidal, wave, biomass energy or other renewable energy sources that may be approved by the Company on a case-by-case basis; and
- v) meet all applicable safety and performance standards established by the Canadian Electrical Code, the Public Safety Act and the Company's Interconnection Requirements.

All Customer-owned wiring, equipment and devices associated with generation utilized for Net Metering Service shall conform to the Company's interconnection requirements.

The Customer will retain the rights to any renewable energy credits or greenhouse gas-related credits arising from the use of renewable energy sources to generate electricity in accordance with this Option.

A Customer availing of Net Metering Service is responsible for all costs associated with their own facilities. The Customer shall also be required to pay all costs incurred by the Company to modify the utility supply for the provision of Net Metering Service, and for necessary engineering or technical studies required in connection with the provision of Net Metering Service to the Customer.

The approval of an application for Net Metering Service will be subject to the applicant entering into a Net Metering Interconnection Agreement with the Company.

If an applicant approved for Net Metering Service does not proceed with operation of its generation in accordance with its approval within two years from the date of the Company's approval of the application, the approval will be rescinded.

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NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)

Approval of Net Metering Service may be revoked if a Customer is found to be in violation of provisions of the Company's Rules and Regulations.

If participation in the Net Metering Service Option is discontinued, the Customer must re-apply to the Company to avail of the Net Metering Service Option.