IN THE MATTER OF the *Electrical Power Control Act,* 1994, SNL 1994, Chapter E-5.1 and the *Public Utilities Act,* RSNL 1990, Chapter P-47, and regulations thereunder; and

IN THE MATTER OF a general rate application by Newfoundland and Labrador Hydro to establish customer electricity rates for 2027.

CONSUMER ADVOCATE
SECOND ROUND REQUESTS FOR INFORMATION
CA-IIC-001 to CA-IIC-002

Issued: November 13, 2026

A. Cost Allocation and Rate Design

CA-IIC-001 RCC Unity and Range of Reasonableness

Reference: Evidence of Patrick Bowman, November 2, 2026, Section 4.1, page 16; Appendix A.

At page 16 of his evidence, Mr. Bowman identifies the following as an appropriate consideration in Hydro's cost allocation methodology:

"Targeting 100% revenue to cost ratios, prior to rural deficit reallocation, for both wholesale NP and for IIC. This is consistent with longstanding practice, and reflects appropriate links to cost causation, and of the Electrical Power Control Act (1994) prohibition against industrial customers subsidizing the rural deficit."

a) In referring to the *Electrical Power Control Act, 1994* at page 16 of his evidence, is Mr. Bowman suggesting that the legislation requires or otherwise supports the establishment of Industrial rates at an RCC of 100%, or is his reference intended solely to address the statutory prohibition against Industrial customers subsidizing the rural deficit.

b) Please provide a table identifying the regulatory proceedings in which Mr. Bowman has provided expert evidence addressing revenue-to-cost coverage ratios (RCCs), the achievement of RCC unity, or the use of a Range of Reasonableness (ZOR) in determining class revenue responsibilities and rates. For each proceeding, please identify: i) the utility, jurisdiction, proceeding and year; ii) the customer/party Mr. Bowman represented; iii) a brief summary of Mr. Bowman's principal positions and recommendations; iii) a brief summary of his support rationale; and iv) references to the relevant evidence.

c) In Mr. Bowman's view, is achieving an RCC of 100% under an approved embedded cost-of-service methodology sufficient, in itself, to establish that the resulting allocation of class revenue responsibilities and associated rates is fair and equitable. Alternatively, should the assessment of fairness and interclass equity also consider other ratemaking principles and circumstances, including the inherent limitations of embedded cost-of-service studies, the allocation of joint and common costs, rate stability, gradualism, economic efficiency and the impacts on individual customer classes. Please explain.

d) In Mr. Bowman's view, where alternative, technically supportable cost-of-service classification or allocation methodologies produce materially different results for individual customer classes, how should these differences be considered and reconciled when determining appropriate class revenue responsibilities and rates. In particular, does Mr. Bowman consider that achieving an RCC of 100% under the selected methodology is sufficient to establish an equitable allocation of revenue responsibilities, or should consideration also be given to the range of outcomes produced by reasonable alternative methodologies and the resulting implications for interclass equity. Please explain.

CA-IIC-002 RCC Unity and Range of Reasonableness

Reference: Bowman Evidence, Section 4.1, page 16; NLH 2027 COS Study and Annual Rate Adjustments for 2028–2030, CA-NLH-302

At page 16 of his evidence, Mr. Bowman identifies the targeting of 100% revenue-to-cost ratios, prior to rural deficit reallocation, for both wholesale Newfoundland Power and Island Industrial customers as consistent with longstanding practice and cost causation. Hydro proposes to establish rates based on the 2027 COS Study, with annual rate adjustments through 2030 and the next general rate application anticipated to establish rates for the 2031 Test Year.

a) In Mr. Bowman's view, how should the objective of achieving RCC unity in 2027 be reconciled with the potential for material departures from unity during 2028 through 2030, given that Hydro does not propose to update its COS Study or recalculate class RCCs as part of the annual rate adjustments, and that changes in class loads, costs and revenues, including export revenues subject to fluctuations in market prices and export opportunities, may materially affect class cost responsibilities and RCCs during the intervening years.

b) If departures from RCC unity are acceptable during 2028–2030, what considerations support implementing the full class rate adjustments indicated by the 2027 COS Study in 2027, rather than applying a ZOR or gradualism in establishing rates.

c) Based on Mr. Bowman's Canadian regulatory experience, please identify electric utilities for which class rates are established at RCC unity, distinguishing these from utilities for which a ZOR is accepted. For any utilities identified as targeting unity, please indicate whether class RCCs are recalculated and rates adjusted annually to maintain unity between general rate applications.

d) Apart from the gradualism, please provide Mr. Bowman’s understanding of why a ZOR is employed in utility ratemaking.

DATED at St. John's, Newfoundland and Labrador, this 13th day of November, 2026.



Per: _____

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