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-NP-001 to CA-NP-002

Issued: November 13, 2026

A. Cost Allocation and Rate Design

CA-NP-001 Revenue-to-Cost Coverage Ratios, Range of Reasonableness, Rate-Setting Principles

References: Evidence of L. Brockman, November 2, 2026, pg. 14; Evidence of K. Derksen, November 2, 2026, Sections 5.3 and 5.4; Christensen Associates Energy Consulting, Review of Cost-of-Service Methods of Manitoba Hydro, June 8, 2012, pgs. 32–36.

At page 14 of his evidence, Mr. Brockman identifies stability, gradualism, customer impacts and predictability as important considerations in rate design, consistent with his previous testimony before the Board.

The referenced evidence K. Derksen and Christensen Associates Energy recognize that embedded cost-of-service (COS) studies cannot determine individual class cost responsibilities with precision because of the allocation of significant joint and common costs, and that a Range of Reasonableness (ZOR) accommodate this uncertainty and other ratemaking considerations.

In her evidence, Ms. Derksen concludes that the use of a Range of Reasonableness is almost universal among Canadian electric utilities, with NLH identified as an exception. Her evidence also identifies the Board's acceptance of a target RCC range of 90% to 110% for Newfoundland Power in P.U. 13(2013).

The following questions seek Mr. Brockman's views on these matters in the context of NLH's 2027 COS Study and proposed class rate adjustments.

a) Does Mr. Brockman agree with the observations in the referenced evidence of Ms. Derksen’s and the CA Energy view that embedded cost-of-service studies cannot precisely determine the costs attributable to individual customer classes, particularly where significant joint and common costs must be allocated using methodological assumptions and allocation determinants. Please explain the implications for interpreting class revenue-to-cost coverage ratios (RCCs).

b) In Mr. Brockman's view, is achieving an RCC of precisely 1.0 for each customer class generally required to establish just and reasonable rates or is it appropriate to recognize a range of RCCs within which class revenues may reasonably be considered to recover allocated costs. Please explain.

c) Based on Mr. Brockman's experience, does he agree that the use of a ROR is the prevailing practice among Canadian electric utilities. If not, please identify the utilities or regulatory jurisdictions that represent exceptions.

d) In Mr. Brockman's view, what are the principal regulatory and ratemaking considerations underlying the widespread use of ZORs in Canadian electric utility regulation.

e) In Mr. Brockman's view, are there characteristics of Hydro's COS methodology, generation supply arrangements or customer classes that would warrant departing from the prevailing Canadian practice of employing a ZOR. Please explain, particularly in the context of the substantial changes in NLH's generation supply

costs and the resulting shifts in allocated class cost responsibilities. In responding, please also address the relevance of the Board's acceptance of a target RCC range of 90% to 110% for Newfoundland Power in Order P.U. 13(2013).

f) Does Mr. Brockman consider that the explicit adoption of a ZOR provides greater transparency, consistency and predictability in evaluating class revenue responsibilities than an approach that targets RCC unity while permitting departures on a case-by-case basis. Please explain.

g) How should the principles of stability, gradualism, customer impacts and predictability identified in Mr. Brockman's evidence be considered when determining the extent and timing of COS-indicated class rate adjustments, particularly where changes in cost classification and allocation result in substantial shifts in relative class cost responsibilities.

h) In Mr. Brockman's view, does a reduction in the costs allocated to a customer class under an embedded COS study necessarily warrant an absolute reduction in that class's rates where the utility's overall revenue requirement is increasing substantially and government rate mitigation is required. Please explain the considerations that should inform such a determination.

CA-NP-002 Newfoundland Power Generation Credit

Reference: Evidence of Larry Brockman, November 2, 2026, Sections 3.1 and 3.2; NLH 2026 GRA, Volume I, Section 6.2.3.

Mr. Brockman considers Hydro's proposed 64 MW hydroelectric Generation Credit reasonable for purposes of this GRA, provided the existing combined Generation Test is retained until Hydro's next GRA. He also notes that operating experience under the revised methodology may differ from the historical period used to establish the credit.

a) In Mr. Brockman's view, to what extent does the proposed 64 MW hydroelectric Generation Credit, based on the average historical contribution during annual Island system peaks, provide a reasonable measure of Newfoundland Power's dependable capacity contribution under varying hydrological and system peak conditions. Please explain the principal limitations of this methodology and whether these limitations could result in either an overstatement or understatement of the appropriate credit.

b) In Mr. Brockman's view, could Hydro's proposed separate Generation Test result in a reduction to Newfoundland Power's Generation Credit notwithstanding its ability to demonstrate the required combined generation capability. If so, please explain the potential implications for Newfoundland Power's allocated costs and the rates ultimately borne by its customers.

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



Per: _____

Adrienne Ding
Interim Consumer Advocate
323 Duckworth Street, P.O. Box 5955
St. John's, NL A1C 5X4
Telephone: (709) 853-5530
Email: consumeradvocate@odeaearle.ca; ading@odeaearle.ca
Fax: (709) 726-9600

Justin King
Counsel to the Consumer Advocate
Email: jking@odeaearle.ca