

- 1 **Q. (Reference 2025/2026 GRA Compliance Report) Is the difference between the**  
2 **revenue collected by the compliance rate and the rate approved by the Board \$70**  
3 **million in 2025, and does NP propose to include that amount in the RSA balance**  
4 **and collect it from customers via rate increases on July 1, 2026 and July 1, 2027?**  
5
- 6 **A.** Newfoundland Power’s RSA balance as of March 31, 2025 is \$70.4 million.<sup>1</sup> If the  
7 Rate Stabilization Adjustment effective July 1, 2025 was set to recover the March 31,  
8 2025 RSA balance of \$70.4 million in accordance with the Company’s Rate  
9 Stabilization Clause, the overall average customer rate increase would be 15.3%.<sup>2</sup>  
10  
11 Newfoundland Power’s proposed Rate Stabilization Adjustment effective July 1, 2025  
12 is set to recover \$0.4 million of the \$70.4 million RSA balance as of March 31, 2025 to  
13 limit the overall average customer rate increase to 7.0%.<sup>3</sup> The RSA withheld amount  
14 of \$70.0 million as of March 31, 2025 will be recovered through future Rate  
15 Stabilization Adjustment proposals.<sup>4</sup>  
16  
17 Table 1 demonstrates how the RSA balance as of March 31, 2025 of \$70.4 million will  
18 be recovered through customer rates, on a forecast basis.

**Table 1:  
Pro Forma RSA Recovery  
2025 to 2027  
(\$millions)**

|   | <b>2025</b> | <b>2026PF</b> | <b>2027PF</b> |
|---|-------------|---------------|---------------|
| Balance in RSA as of March 31 <sup>st</sup> | 70.4        | 72.8          | 51.3          |
| RSA balance withheld <sup>5</sup>           | 70.0        | 29.0          | 0.0           |
| Net RSA balance recovered <sup>6</sup>      | 0.4         | 43.8          | 51.3          |

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<sup>1</sup> See *Application, Schedule 2, 3.0 Rate Stabilization Adjustment*. In the spring of each year, Newfoundland Power proposes a new Rate Stabilization Adjustment to be effective for the upcoming July 1<sup>st</sup> to June 30<sup>th</sup> annual period to collect the RSA balance as of March 31<sup>st</sup> of that year.

<sup>2</sup> *Ibid.* In that scenario, the \$70.4 million would have been collected over the July 1, 2025 to June 30, 2026 time period. Based on the Company’s monthly energy sales year-to-date March 31, 2025, an estimated \$43.0 million would have been collected in 2025, with the remaining \$27.4 million estimated to be collected in 2026.

<sup>3</sup> *Ibid.* The \$0.4 million will be collected over the July 1, 2025 to June 30, 2026 time period. Based on the Company’s monthly energy sales year-to-date March 31, 2025, an estimated \$0.2 million will be collected in 2025, with the remaining \$0.2 million estimated to be collected in 2026. The difference in 2025 customer billings as a result of the customer rate smoothing adjustment is therefore an estimated decrease of \$42.8 million [\$0.2 million less \$43.0 million outlined in footnote 2].

<sup>4</sup> Future Rate Stabilization Adjustment proposals are subject to Board approval.

<sup>5</sup> See *Application, Schedule 2, 3.0 Rate Stabilization Adjustment, Table 3*.

<sup>6</sup> Calculated by subtracting *RSA balance withheld* from *Balance in RSA*. See *Application, Schedule 2, Appendix C* for the calculation of the Rate Stabilization Adjustment proposed to be effective July 1, 2025. The calculation shows Newfoundland Power’s RSA balance as of March 31, 2025 of \$70.4 million and the adjustment to the RSA to reflect the portion of the RSA balance to be withheld at March 31, 2025 of \$70.0 million.

1           Table 4 in Schedule 2 to the Application provides a customer rate forecast over the  
2           2025 to 2027 timeframe, which reflects the recovery of the Company’s forecast RSA  
3           balances outlined in Table 1 above.