

1 **Q. (Reference 5.1 - Rate Base Additions, Deductions and Allowances) Regarding**
2 **the conservation costs:**
3 **a) Please provide a revised Table 4 (Page 4) that includes figures from 2009 to**
4 **2024.**
5 **b) For each year from 2010 to 2025F please provide a table that decomposes**
6 **Conservation cost according to major components, differentiating according to**
7 **customer class.**
8 **c) (i) Please indicate the percentage increase in domestic customer rates in**
9 **2025 and the expected increase in 2026. (ii) Separately from conservation**
10 **programs, what impact does NP expect these rate increases will have on**
11 **electricity consumption?**

12
13 **A.** a) Attachment A provides the details of the deferred cost recovery related to
14 conservation from 2009 through 2025 forecast.
15
16 b) Cost Recovery Deferral – Conservation amounts reflect: (i) operating expenses
17 required for the delivery of customer energy conservation program costs and
18 approved for deferral;¹ (ii) subsequent amortizations of those deferred costs in
19 accordance with Board Orders;² and (iii) adjustments to deferred balances when
20 required.³

21
22 See Attachment A for the requested breakdown of costs for 2009 through 2025
23 forecast.

24
25 The annual amounts included in Cost Recovery Deferral – Conservation cannot be
26 specifically allocated by customer class; therefore, the requested information cannot
27 be provided. The Company observes that its Conservation and Demand Management
28 programs have delivered approximately \$180.3 million in bill savings and
29 \$180.0 million in reduced system costs for Newfoundland Power customers from
30 2009 to 2022.⁴

31
32 c) i) In Order No. P.U. 3 (2025), the Board approved an overall average customer
33 rate increase of 7.0% effective July 1, 2025, which included an average increase
34 for domestic customer rates of 7.1%.⁵ The overall forecast average customer

¹ In Order No. P.U. 13 (2009), the Board approved the deferred recovery of certain forecast 2009 conservation costs. In Order No. P.U. 13 (2013), the Board approved the deferral of annual customer energy conservation program costs.

² In Order No. P.U. 13 (2013), the Board approved the amortization of annual customer energy conservation program cost over a 7-year period with recovery through the Rate Stabilization Account. In Order No. P.U. 3 (2022), the Board approved the change in the amortization period from 7 to 10 years, effective January 1, 2021.

³ For example, the implementation of Order No. P.U. 3 (2022) resulted in revised balances for annual deferred customer energy conservation program costs incurred up to December 31, 2021.

⁴ See the response to Request for Information CA-NP-006 in the Company's 2025/2026 General Rate Application.

⁵ See *Approval of Compliance with Order No. P.U. 3 (2025) and Customer Rates, Rules and Regulations, effective July 1, 2025, Schedule 2, Appendix G*, line 5.

1 rate increase is 7.0% effective July 1, 2026, based on the Company's current
2 approach to customer rate smoothing.⁶
3

4 ii) In general, as electricity rates increase customer energy usage will decrease. The
5 elasticity impacts considered in the 2025/2026 General Rate Application and
6 reflected in current customer rates were 16.2 GWh and 48.0 GWh for 2025 and
7 2026, respectively.⁷

⁶ See *Approval of Compliance with Order No. P.U. 3 (2025) and Customer Rates, Rules and Regulations, effective July 1, 2025, Schedule 2*, page 8, Table 4.

⁷ See the response to Request for Information NLH-NP-080 in the Company's *2025/2026 General Rate Application*.



ATTACHMENT A:

Newfoundland Power Inc. Cost Recovery Deferral - Conservation
2009 through 2025 Forecast

**Newfoundland Power Inc.
Cost Recovery Deferral - Conservation
2009 through 2025 Forecast**

| | 2009 ¹ | 2010 | 2011 | 2012 | 2013 ² | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 ³ | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|-------------------------------------|-------------------|-------|-------|-------|-------------------|-------|-------|---------|---------|---------|-------------------|---------|---------|---------|---------|---------|---------|
| Balance, January 1 st | - | 948 | 682 | 454 | 227 | 2,085 | 4,937 | 7,463 | 11,304 | 14,116 | 15,784 | 17,371 | 17,049 | 16,421 | 19,359 | 20,708 | 21,280 |
| Implementation True-Up ⁴ | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,875 | - | - | - |
| Cost | 948 | - | - | - | 2,085 | 3,150 | 3,274 | 5,040 | 4,731 | 4,367 | 4,805 | 3,583 | 3,494 | 3,659 | 4,311 | 3,966 | 4,514 |
| Amortization | - | (266) | (228) | (227) | (227) | (298) | (748) | (1,199) | (1,919) | (2,594) | (3,218) | (3,905) | (4,122) | (2,596) | (2,962) | (3,394) | (3,680) |
| Balance, December 31 st | 948 | 682 | 454 | 227 | 2,085 | 4,937 | 7,463 | 11,304 | 14,116 | 15,889 | 17,371 | 17,049 | 16,421 | 19,359 | 20,708 | 21,280 | 22,114 |

Components of Cost⁵

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 ¹ | 2020 | 2021 | 2022 | 2023 | 2024 | 2025F |
|------------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------------------|-------|-------|-------|-------|-------|-------|
| Labour | - | - | - | - | 491 | 674 | 624 | 769 | 867 | 863 | 807 | 818 | 774 | 771 | 896 | 950 | 1,082 |
| Non-Labour | - | - | - | - | 707 | 1,225 | 899 | 1,294 | 1,778 | 1,592 | 2,029 | 1,245 | 1,564 | 1,768 | 2,244 | 1,938 | 1,833 |
| Incentives | - | - | - | - | 887 | 1,251 | 1,751 | 2,977 | 2,086 | 1,912 | 1,969 | 1,520 | 1,156 | 1,120 | 1,171 | 1,078 | 1,599 |
| Total | - | - | - | - | 2,085 | 3,150 | 3,274 | 5,040 | 4,731 | 4,367 | 4,805 | 3,583 | 3,494 | 3,659 | 4,311 | 3,966 | 4,514 |

- ¹ In Order No. P.U. 13 (2009), the Board approved the creation of a Conservation Cost Deferral Account and deferred recovery of certain costs related to the implementation of the conservation plan in 2009. In Order No. P.U. 43 (2009), the Board approved the 4-year amortization of the implementation costs.
- ² In Order No. P.U. 13 (2013), the Board approved the deferral of annual customer energy conservation program costs.
- ³ The opening balance for 2019 has been adjusted to reflect a 30% corporate income tax rate. This is consistent with the deferred tax treatment required for financial reporting purposes in 2019.
- ⁴ Implementation of Order No. P.U. 3 (2022) resulted in revised balances for annual deferred customer energy conservation program costs incurred up to December 31, 2021.
- ⁵ Amounts are shown on an after-tax basis.