

*2019 and 2020 Revenue Requirements*

**Newfoundland Power Inc.**

**2019 Revenue Requirements<sup>1</sup>**  
**(\$000s)**

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
<b>1 Costs</b>			
2 Power Supply Cost	447,307	-	447,307
3 Operating Costs	64,682	(2,003)	62,679
4 Employee Future Benefit Costs	9,080	-	9,080
5 Amortization of Deferred Cost Recoveries	-	1,752	1,752
6 Depreciation <sup>2</sup>	62,314	36	62,350
7 Income Taxes	15,835	2,267	18,102
8	<u>599,218</u>	<u>2,052</u>	<u>601,270</u>
9			
10 <b>Return on Rate Base</b>	72,602	7,793	80,395
11			
12 <b>2019 Revenue Requirement</b>	671,820	9,845	681,665
13			
14 <b>Deductions</b>			
15 Other Revenue <sup>3</sup>	(5,584)	(28)	(5,612)
16 Interest on Security Deposits	18	-	18
17 Energy Supply Cost Variance Adjustments	4,198	(3,205)	993
18 Other	1,834	(6,499)	(4,665)
20	<u>466</u>	<u>(9,732)</u>	<u>(9,266)</u>
21			
22 <b>2019 Revenue Requirement from Rates before RSA Transfer</b>	<u>672,286</u>	<u>113</u> <sup>4</sup>	<u>672,399</u>
23			
25 2019 Revenue Shortfall - Transfer to the RSA	<u>-</u>	<u>(145)</u> <sup>4</sup>	<u>(145)</u>
26			
27 <b>2019 Revenue Requirement from Rates</b>	<u>672,286</u>	<u>(32)</u> <sup>4</sup>	<u>672,254</u>

<sup>1</sup> See *Section 4.3 2019 and 2020 Revenue Requirements* for a summary of the Company's 2019 Revenue Requirements proposals. The figures also reflect the July 1, 2018 rate change and the Settlement Agreement.

<sup>2</sup> Increase in depreciation expense is related to increased capitalization of pension costs. See *Section 3.4 Regulatory Accounting Matters* of the Company's Evidence.

<sup>3</sup> Excludes equity component of capitalized interest. Other revenue for proposed also excludes interest on the RSA.

<sup>4</sup> This is the 2019 forecast revenue shortfall proposed to be recovered through the RSA on March 31, 2019 if existing customer rates are maintained. The \$145,000 shortfall consists of (i) \$113,000 in higher 2019 forecast revenue requirements than currently reflected in existing customer rates and (ii) \$32,000 in lower revenue from rates due to the introduction of LED street light rates. The higher 2019 revenue requirement is due to the update for the July 1, 2018 rate change.

**Revision note:** Existing forecast updated to reflect the July 1, 2018 rate change. Proposed forecast updated to reflect the July 1, 2018 rate change and the Settlement Agreement.

**Newfoundland Power Inc.**  
**2020 Revenue Requirements<sup>1</sup>**  
**(\$000s)**

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
<b>1 Costs</b>			
2 Power Supply Cost	447,324	-	447,324
3 Operating Costs	66,571	(1,961)	64,610
4 Employee Future Benefit Costs	7,566	-	7,566
5 Amortization of Deferred Cost Recoveries	-	(876)	(876)
6 Depreciation <sup>2</sup>	64,797	111	64,908
7 Income Taxes	15,005	3,793	18,798
8	<u>601,263</u>	<u>1,067</u>	<u>602,330</u>
9			
<b>10 Return on Rate Base</b>	71,583	11,417	83,000
11			
<b>12 2020 Revenue Requirement</b>	672,846	12,484	685,330
13			
<b>14 Deductions</b>			
15 Other Revenue <sup>3</sup>	(5,375)	(219)	(5,594)
16 Interest on Security Deposits	18	-	18
17 Energy Supply Cost Variance Adjustments	4,060	(4,060)	-
18 Other	2,388	(8,038)	(5,650)
19	<u>1,091</u>	<u>(12,317)</u>	<u>(11,226)</u>
20			
<b>21 2020 Revenue Requirement from Rates before RSA Transfer</b>	<u>673,937</u>	<u>167</u> <sup>4</sup>	<u>674,104</u>
22			
23 2020 Revenue Shortfall - Transfer to the RSA	<u>-</u>	<u>(258)</u> <sup>4</sup>	<u>(258)</u>
24			
<b>25 2020 Revenue Requirement from Rates</b>	<u>673,937</u>	<u>(91)</u> <sup>4</sup>	<u>673,846</u>

<sup>1</sup> See Section 4.3 *2019 and 2020 Revenue Requirements* for a summary of the Company's 2020 Revenue Requirements proposals. The figures also reflect the July 1, 2018 rate change and the Settlement Agreement.

<sup>2</sup> Increase in depreciation expense is related to increased capitalization of pension costs. See Section 3.4 *Regulatory Accounting Matters* of the Company's Evidence.

<sup>3</sup> Excludes equity component of capitalized interest. Other revenue for proposed also excludes interest on the RSA.

<sup>4</sup> This is the 2020 forecast revenue shortfall proposed to be recovered through the RSA on March 31, 2020 if existing customer rates are maintained. The \$258,000 shortfall consists of (i) \$167,000 in higher 2020 forecast revenue requirements than currently reflected in existing customer rates and (ii) \$91,000 in lower revenue from rates due to the introduction of LED street light rates. The higher 2020 revenue requirement is due to the update for the July 1, 2018 rate change.

**Revision note:** Existing forecast updated to reflect the July 1, 2018 rate change. Proposed forecast updated to reflect the July 1, 2018 rate change and the Settlement Agreement.