1   **Q.**   **Reference: "2021 Capital Budget Application," Newfoundland Power, July 9, 2020,**
2   **2020 Capital Plan (sic), sec 2.3.2, at p. 13/2–3.**
3
4   **Citation:**
5
6   **On a pro forma basis, the Company's 2021 revenue requirement is estimated to**
7   **increase by approximately $3 million as a result of the capital projects proposed**
8   **for 2021.**
9
10   **Please provide a detailed breakdown of this calculation in the following table format**
11   **for both 2021 and 2022:**

	2021	2022
Rate Base (A)		
Return % (B)		
Return (A*B = C)		
Depreciation (D)		
O&M (E)		
Income Tax (F)		
Revenue Requirement (C + D + E + F = G)		

12   **A.**   Table 1 provides the *pro forma* revenue requirement impacts, as requested.[1]

Table 1
***Pro forma* Revenue Requirements**
($millions)

	2021PF	2022PF
Average Rate Base (A)[2]	28.7	42.1
Return on Rate Base (B)[3]	5.81%	5.81%
Return (C = A x B)	1.7	2.4
Depreciation (D)[4]	3.0	3.9
Income Tax (E)[5]	0.5	0.7
O&M (F)[6]	(2.3)	(2.7)
Revenue Requirement (G = C + D + E + F)	**2.9**	**4.3**

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[1]   The pro forma estimates are practically limited. Please refer to the *2021 Capital Budget Application, Volume 1, 2021 Capital Plan*, *Section 2.3.2 Revenue Requirement Perspective*, which discusses the practical limitations of these estimates.

[2]   Forecast annual change in average rate base.

[3]   Incremental weighted average cost of capital calculated using a return on equity of 8.50% as approved by the Board in Order No. P.U. 2 (2019) and an incremental cost of debt of 3.608%. The incremental cost of debt is based upon the Company's latest debt issue which was approved by the Board in Order No. P.U. 9 (2020).

[4]   Forecast change in annual depreciation expense.

[5]   Income tax associated with the pro forma return on equity.

[6]   Includes maintenance costs savings and avoided electricity costs associated the proposed *LED Street Lighting Replacement Plan*.