

- 1 **Q. Exhibit 2, Appendix A – NPV Analysis**  
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 3 **Please show the NPV calculation and analysis if the \$550,000 in funding is approved.**  
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 5 A. Attachment A provides a revised NPV analysis, assuming the \$550,000 in government  
 6 funding is approved.  
 7  
 8 Table 1 summarizes the results of the revised NPV analysis (i.e. with funding) with a  
 9 comparison to the original NPV analysis (i.e. without funding).

**Table 1:  
 Revised NPV Analysis  
 2021-2034  
 (\$000s and ¢/kWh)**

	Revised NPV <sup>1</sup>	Original NPV <sup>2</sup>	Difference
Cumulative net revenues (nominal)	123,251	122,558	693
Cumulative net revenues (NPV)	62,040	61,529	511
Rate mitigating benefit by 2034 (¢/kWh)	0.5	0.5	-

<sup>1</sup> See Attachment A to this response.

<sup>2</sup> See the *2021 Electrification, Conservation and Demand Management Application*, Volume 1, Exhibit 2, Appendix A.

**Revised NPV Analysis**

**Newfoundland Power Inc.**  
**Revised Pro Forma Revenue Requirement Analysis (With Funding of \$550,000)**  
**2021 to 2034**  
**(\$000s)**

Year	Investment		Pro Forma Revenue Requirement Impacts					
	Capital Costs A	Program Costs B	Incremental Revenues C	Incremental System Costs D	Capital Cost Recovery E	Program Cost Recovery F	Net Revenues G	Cumulative NPV H
2021	988	1,336	49	32	74	35	(92)	(87)
2022	1,530	3,014	283	183	260	278	(438)	(478)
2023	460	3,944	772	447	399	746	(820)	(1,170)
2024	460	4,494	1,676	953	455	1,328	(1,060)	(2,016)
2025	311	4,385	3,414	1,927	498	1,954	(965)	(2,744)
2026	0	1,074	7,399	4,248	502	2,456	193	(2,606)
2027	0	1,706	13,142	7,563	482	2,544	2,553	(887)
2028	0	2,364	20,604	12,155	461	2,721	5,267	2,466
2029	0	2,980	29,583	18,175	442	2,987	7,979	7,265
2030	0	3,651	40,373	24,813	422	3,333	11,805	13,976
2031	0	4,334	52,825	32,481	354	3,765	16,225	22,694
2032	0	5,061	67,050	41,259	214	4,151	21,426	33,574
2033	0	5,788	82,948	51,091	107	4,467	27,283	46,667
2034	0	6,613	101,001	62,258	56	4,792	33,895	62,040

**Notes**

- A Includes all Newfoundland Power electric vehicle charging infrastructure costs as described in *Exhibit 2, Electric Vehicle Charging Network*. 2021 costs are net of \$550,000 in assumed approved government funding.
- B Includes all program and research costs associated with Newfoundland Power's electrification initiatives, including operation of the Company's electric vehicle charging sites.
- C Projected incremental revenues from additional energy sales as a result of the electrification initiatives set out in the 2021 Plan. The revenue figures are based on a change from the rates approved by the Board in  Order No. P.U. 31 (2019) Amended and annual increases in electricity rates of 2.25%.
- D Projected incremental system costs (energy and capacity costs) as a result of the electrification initiatives set out in the 2021 Plan. The system cost figures primarily reflect the marginal cost information received from Newfoundland and Labrador Hydro in April 2020.
- E Includes forecast depreciation, financing costs and associated income taxes related to the electric vehicle charging infrastructure investment. Based on an estimated 10 year service life, the Company's incremental weighted average cost of capital ("WACC") of 5.81% and an income tax rate of 30%.
- F Includes forecast amortization, financing costs and associated income taxes related to electrification program costs. Based on an estimated amortization period of 10 years (equal to the estimated life of an electric vehicle), the Company's incremental WACC of 5.81% and an income tax rate of 30%.
- G Calculated as C - D - E - F.
- H The net present value ("NPV") as of the end of each period using the Company's incremental WACC of 5.81%.