

1 **Q. Reference: “2022/2023 General Rate Application,” Newfoundland Power, May 27,**
2 **2021, Volume 1, Exhibits 1 and 2.**

3
4 **Please detail instances in the 2022 and 2023 operating costs where GDP or CPI is**
5 **used to escalate costs relative to a previous year.**

6
7 A. Newfoundland Power used the GDP deflator as the inflation index to forecast most non-
8 labour operating costs in 2022 and 2023.¹

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10 In accordance with established regulatory practice, the Company also reflects known and
11 measurable changes in its forecast operating costs. For example, insurance costs for 2022
12 are forecast to increase at a rate higher than GDP. See response to Request for
13 Information NLH-NP-004.

14
15 Additionally, postage costs for 2022 and 2023 are forecast to increase at a rate lower than
16 the GDP deflator due to forecast savings from additional customers expected to
17 participate in paperless billing over the forecast period.

¹ Newfoundland Power does not use CPI. In Order No P.U. 36 (1998-99), the Board ordered the adoption of the GDP deflator for Canada as an appropriate inflation index to forecast non-labour operating expenses.