

1 **Q. Further to the response to PUB-NP-005, re-state Table 1 to show the amount in each**
2 **category attributable to the proposed increase in the return on equity**
3 **Newfoundland Power is proposing in this Application.**
4

5 A. In this Application, Newfoundland Power is proposing an average increase in customer
6 rates of approximately 0.8% effective March 1, 2022.
7

8 This is primarily the result of 3 changes in the Company's cost of service: (i) an increase
9 in the Company's return on equity ("ROE"), which represents a 1.5% increase in the
10 revenue required from customer rates; (ii) variations in Newfoundland Power's costs
11 since its last general rate application ("GRA"), which represent a 2.0% increase in
12 revenue required from customer rates; and (iii) the rebalancing of supply costs and
13 revenue from energy sales, which represents a 2.7% decrease in the revenue required
14 from customer rates.¹
15

16 Table 1 in response to Request for Information PUB-NP-005 does not include the
17 proposed increase in ROE. Rather, the table provides the requested breakdown of the
18 2.0% increase in revenue required from customer rates resulting from variations in costs
19 since Newfoundland Power's last GRA.²
20

21 Newfoundland Power has historically shown the impact of the proposed change in ROE
22 separately from the remaining GRA proposals as the determination of a fair ROE is a
23 central issue in each GRA. The proposed change in ROE from 8.50% to 9.80%
24 represents an approximate \$11.2 million increase in revenue requirement and a 1.5%
25 increase in customer rates.³

¹ See the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section: 1.2 Application Proposals*.

² Cost changes since the last GRA reflect the change in the proposed 2023 test year revenue requirement from the 2020 test year revenue requirement approved by the Board in Order No. P.U. 2 (2019). The breakdown in costs since the last GRA primarily relate to capital and operating cost changes over this period, which are separate effects from the Company's GRA proposals.

³ This excludes any impact on the amount of the 2022 revenue shortfall, which is shown in full as part of the GRA proposals.