

1 **Q. NLH-NP-032 Reference: “2021 Capital Budget Application,” Newfoundland Power,**  
 2 **July 9, 2020, 2020 Capital Plan (sic), sec. 2.3.3, at p. 15/3–5.**

3  
 4 **Citation:**

5  
 6 **Newfoundland Power’s contribution to average customer rates has increased by**  
 7 **approximately 17% over the last 2 decades. On an inflation-adjusted basis, the**  
 8 **Company’s contribution to average customer rates decreased by 20%.**

9  
 10 **Please provide:**

11  
 12 **(a) Newfoundland Power’s contribution to customer rates, nominal and inflation**  
 13 **adjusted, as a result of changes to capital in rate base (including depreciation,**  
 14 **interest, and return) for 2000, 2021, and 2022; and**

15  
 16 **(b) Please provide Newfoundland Power’s contribution to customer rates, nominal**  
 17 **and inflation adjusted, for 2000, 2021, and 2022 using a consistent Weighted**  
 18 **Average Cost of Capital of 7.04% for each year.**

19  
 20 A. The relationship between Newfoundland Power’s capital expenditures and customer rates  
 21 is not a direct one.<sup>1</sup> As a result, the Company cannot provide the data as requested in  
 22 part (a) to this Request for Information.

23  
 24 Further, Newfoundland Power’s contribution to customer rates in 2020 of 4.14 ¢/kWh is  
 25 based on current customer rates approved by the Board.<sup>2</sup> Newfoundland Power does not  
 26 forecast its contribution to customer rates. As a result, the Company cannot provide 2021  
 27 and 2022 forecast contribution to customer rate data as requested in part (b) to this  
 28 Request for Information at this time.<sup>3</sup>

29  
 30 The Company’s total contribution to average customer rates in 2000 using a weighted  
 31 average cost of capital (“WACC”) of 7.04% is estimated to be 3.17 ¢/kWh on a *pro*  
 32 *forma* basis. The inflation-adjusted figure for the same period is 4.65 ¢/kWh.<sup>4</sup>

---

<sup>1</sup> Please refer to the *2021 Capital Budget Application, Volume 1, 2021 Capital Plan, Section 2.3 Capital Investment and Customer Costs*, for a fulsome discussion on the relationship between the Company’s capital investments, revenue requirements and customer rates.

<sup>2</sup> See Order No. P.U. 31 (2019).

<sup>3</sup> The analysis is updated when new customer rates are approved by the Board. Newfoundland Power is required to file its next general rate application no later than June 1, 2021 unless otherwise directed by the Board. See Order No. P.U. 2 (2019). The timing of Hydro’s next customer rate change is uncertain. See Order No. P.U. 15 (2020). The amount of the next annual rate adjustment, which typically occurs every July 1<sup>st</sup> is also uncertain.

<sup>4</sup> Inflation adjusted based on the GDP Deflator for Canada.