

1 **Q. Reference: “2022 Capital Budget Application,” Newfoundland Power, May 18, 2021**
 2 **2022 Capital Plan, sec 2.3.2 at p.13**

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 21%.**

9
 10 **a) Please provide Newfoundland Power’s contribution to customer rates, nominal**
 11 **and inflation adjusted, as a result of changes to capital in rate base (including**
 12 **depreciation, interest, and return) for 2000, 2022, and 2023.**

13
 14 **b) Please provide Newfoundland Power’s contribution to customer rates, nominal**
 15 **and inflation adjusted, for 2000, 2022, and 2023 using a consistent Weighted**
 16 **Average Cost of Capital of 7.04% for each year.**

17
 18 **A.** The relationship between Newfoundland Power’s capital expenditures and customer rates
 19 is not a direct one.¹ As a result, the Company cannot provide the data as requested in
 20 part a).

21
 22 Further, Newfoundland Power’s completes its contribution to customer rates calculations
 23 based on customer rates approved by the Board. The Company’s contribution to
 24 customer rates is currently 4.14 ¢/kWh.² Any required updates to the analysis for future
 25 years, such as 2022 and 2023, will occur when new customer rates are approved by the
 26 Board.

27
 28 The Company’s total contribution to average customer rates in 2000 using a weighted
 29 average cost of capital (“WACC”) of 7.04% is estimated to be 3.17 ¢/kWh on a *pro*
 30 *forma* basis. The inflation-adjusted figure for the same period is 4.69 ¢/kWh.³

¹ See the *2022 Capital Budget Application, 2022 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.

² Customer rates in effect at the time Newfoundland Power’s *2022 Capital Budget Application* was filed were approved by the Board in Order No. P.U. 31 (2019).

³ Inflation adjusted based on the GDP Deflator for Canada.