

- 1 **Q. What means are available for alleviating customer rate shock? In particular, ha**  
2 **(sic) Newfoundland Power considered:**  
3 **a) Changing the schedule of its proposed rate increases?**  
4 **b) A substantive review of its operating expenses in order to reduce its revenue**  
5 **requirement or considered holding its rate of return on equity for 2025 and 2026**  
6 **to its current level of 8.5%?**  
7 **c) Limiting its 2025 and 2026 capital budget requests to those of highest priority so**  
8 **as to reduce future finance and depreciation costs?**

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10 A. a) See parts a) and b) to the response to Request for Information NLH-NP-001.  
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12 b) Newfoundland Power has reviewed its forecast operating costs and cost of capital for  
13 2025 and 2026 as part of the proposals included in the Company's *2025/2026*  
14 *General Rate Application*.

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16 The proposals in Newfoundland Power's *2025/2026 General Rate Application* are  
17 consistent with provincial power policy reflected in the *Electrical Power Control Act*,  
18 *1994* (the "EPCA") and the *Public Utilities Act* (the "Act"). The EPCA requires that  
19 power be delivered to consumers in the province at the lowest possible cost, in an  
20 environmentally responsible manner, consistent with reliable service.<sup>1</sup>

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22 c) Newfoundland Power's capital expenditures are proposed as part of the Company's  
23 annual capital budget applications.

24  
25 Newfoundland Power's capital planning process results in justified capital  
26 expenditures included in the Company's annual capital budget applications, which are  
27 necessary for Newfoundland Power to meet its statutory obligations under the Act  
28 and the EPCA.<sup>2</sup>

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30 The Board has recognized that fully justified capital expenditures contribute to the  
31 delivery of least-cost service to customers.<sup>3</sup>

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<sup>1</sup> In addition, the Act provides that customer rates approved by the Board should provide sufficient revenue to the utility to enable it to earn a just and reasonable return.

<sup>2</sup> In addition to the requirements of the EPCA set out above, the Act requires a public utility to provide services and facilities that are reasonably safe and adequate and just and reasonable.

<sup>3</sup> See Board Order No. P.U. 7 (2002-2003), page 31.