

1 **Q. Reference: (2024 Rate of Return on Rate Base, page 3 of 8)**  
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3 **It is stated “Forecast changes to average rate base principally reflect changes in**  
 4 **annual capital expenditures and depreciation expense.”**

5 **a) Please provide a table starting with the year 2001 and ending with 2022 that**  
 6 **provides Newfoundland Power’s: average rate base at year end, net plant**  
 7 **investment, and the ratio of net plant investment to average rate base at year**  
 8 **end.**

9 **b) Please provide a table that gives Newfoundland Power’s average rate base and**  
 10 **the value of the GDP deflator for 2001 and forecasts for each for 2024, and**  
 11 **indicate the percentage change in each over that period.**

12  
 13 **A. a) See Attachment A for the requested information.**

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 15 **b) In Order No. P.U. 19 (2003), the Board approved a change in the calculation of**  
 16 **Newfoundland Power’s average rate base to include average deferred charges**  
 17 **beginning in 2003. For comparative purposes, the Company has provided the**  
 18 **requested analysis for 2003 and 2024 in Table 1.**

**Table 1:  
 Average Rate Base and GDP Deflator**

	<b>2003</b>	<b>2024F</b>	<b>Change</b>
Average Rate Base (Nominal - \$000s)	675,730	1,360,058	101%
Average Rate Base (2024\$ - Real - \$000s)	1,094,878	1,360,058	24%
GDP Deflator <sup>1</sup>	0.62	1.00	62%

19 In Newfoundland Power’s view, using the GDP deflator is not a reasonable  
 20 comparator to measure increases in utility rate base. Changes in the Company’s rate  
 21 base primarily reflect both the change in annual capital expenditures and depreciation  
 22 expense each year, and are not directly related to changes in the GDP deflator.<sup>2</sup> Other  
 23 additions to, and deductions from, rate base through deferred charges are also not  
 24 directly related to changes in the GDP deflator.

<sup>1</sup> Provided by the Conference Board of Canada in its release on August 2, 2023.

<sup>2</sup> For example, depreciation expense is calculated based on depreciation rates approved by the Board through general rate applications.