

1 **Q. Reference: (2024 Rate of Return on Rate Base, Tables 1 through 6)**

2
3 **Please provide revised Tables 1 through 6 for the following scenarios:**

- 4
5 **a) With 2024 average rate base reduced by the \$1.6 million approved in Board**
6 **Order No. P.U. 14 (2023).**
- 7
8 **b) With rate base reduced by the \$1.6 million expenditure approved in Board**
9 **Order No. P.U. 14 (2023) plus the \$4.351 million expenditure proposed in the**
10 **2024 CBA for the Memorial Substation Refurbishment and Modernization**
11 **Project.**
- 12
13 **c) With rate base reduced by the \$1.6 million expenditure approved in Board**
14 **Order No. P.U. 14 (2023) plus the \$4.351 million expenditure proposed in the**
15 **2024 CBA for the Memorial Substation Refurbishment and Modernization**
16 **Project plus an additional \$2.6 million proposed in the 2024 CBA.**
- 17
18 **d) With rate base reduced by the \$1.6 million expenditure approved in Board**
19 **Order No. P.U. 14 (2023) plus the \$115.3 million proposed, but not yet approved,**
20 **in the 2024 CBA.**

21
22 **A.** Revising all tables in the *2024 Rate of Return on Rate Base* report would require
23 Newfoundland Power to prepare all analyses provided with the Application four different
24 times. Given the time and effort involved, along with the nature of the scenarios
25 requested, the Company has not prepared the requested analyses. Newfoundland Power
26 has, however, provided *pro forma* revenue requirements and customer rate impact
27 estimates at capital expenditure amounts of \$1.6 million, \$2.6 million and \$4.4 million.¹

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29 a) Table 1 provides *pro forma* revenue requirements and customer rate impact estimates
30 associated with 2024 capital expenditure amounts of \$1.6 million, \$2.6 million and
31 \$4.4 million.

Table 1
2024 Capital Expenditure Amounts
***Pro Forma* Revenue Requirements and Customer Rate Impact**
Estimates
(Smillions, excluding Customer Rate Impact Estimate)

Capital Expenditure	Average Rate Base²	Return on Rate Base³	Customer Rate Impact Estimate
1.6	0.8	0.1	0.01%
2.6	1.3	0.1	0.01%
4.4	2.2	0.2	0.02%

¹ The *pro forma* revenue requirements reflect the 2024 return on rate base and associated income tax effects.

² For the purposes of this response, average rate base figures have been estimated by dividing the capital expenditure amount by half (i.e. average).

³ Includes associated income tax effects using an equity capitalization percentage of 45%, a rate of return on common equity of 8.50% and an income tax rate of 30%.

- 1 b) See part a).
2
3 c) See part a).
4
5 d) In Order No. P.U. 3 (2022), the Board ordered, among other things, that
6 Newfoundland Power file an application on or before November 15, 2023 for
7 approval of the Company’s 2024 forecast average rate base and rate of return on rate
8 base, maintaining the common equity ratio and return on common equity accepted for
9 rate setting in that order.⁴

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11 The increase in the Company’s 2024 forecast average rate base is largely due to 2024
12 capital expenditures. As provided in the response to Request for Information
13 CA-NP-011, the estimated revenue requirement impact for the change in 2024
14 forecast average rate base is \$7.1 million. The estimated customer rate impact
15 associated with this amount is 0.9%.

⁴ See Order No. P.U. 3 (2022), page 20, lines 17-20.