

1 **Q. Reference: NLH-NP-009 (a)**
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3 **The RFI asks “why it is appropriate for Newfoundland Power to receive an increase to**
4 **the total rate base outside of a test year.” Newfoundland Power responded “In Order**
5 **No. P.U. 3 (2022), the Board ordered, among other things, that Newfoundland Power**
6 **file an application on or before November 15, 2023 for approval of the Company’s 2024**
7 **forecast average rate base and rate of return on rate base, maintaining the common**
8 **equity ratio and return on common equity accepted for rate setting in that order.”**
9 **Newfoundland Power goes on to say that it filed the Application “in compliance with**
10 **the Board’s order.”**

- 11 **a) Please confirm that Newfoundland Power’s forecast average rate base for 2024**
12 **is \$1,357,684,000 and that Newfoundland Power’s forecast rate of return on rate**
13 **base for 2024 of 6.21% is calculated using that average rate base.**
- 14 **b) Please confirm that Newfoundland Power is requesting a 1.5% increase in**
15 **customer rates in 2024 in order to achieve a 6.82% rate of return on rate base, as**
16 **given in Appendix of 2024 Rate of Return on Rate Base, not 6.85%.**
- 17 **c) In P.U.3 (2022) is Newfoundland Power directed to formulate and propose a new**
18 **regulated rate of return on rate base for 2024?**
- 19 **d) Does the Board’s Order indicate that it is appropriate for Newfoundland Power**
20 **to receive an increase in rate base in 2024 as requested in the RFI? If so, please**
21 **provide the specific reference in the Order.**
- 22 **e) Does the Board’s Order specify that Newfoundland Power will be granted an**
23 **increase in customer rates if it forecasts that its rate of return on rate base will**
24 **fall short of the mid-point of the range of return on rate base approved in the**
25 **Board?**
- 26 **f) Does the Board’s Order specify that Newfoundland Power will be granted an**
27 **increase in customer rates if it forecasts that its rate of return on rate base will**
28 **fall short of the mid-point, but within the range of return on rate base approved**
29 **by the Board?**

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31 **A. a) It is confirmed that Newfoundland Power’s 2024 forecast average rate base, before**
32 **cost recovery, is \$1,357,684,000.¹ It is also confirmed that the Company’s 2024**
33 **forecast rate of return on rate base, before cost recovery, of 6.21% is calculated using**
34 **that 2024 forecast average rate base.**

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36 **b) It is confirmed that the proposed customer rate increase would result in a 2024**
37 **forecast rate of return on rate base of 6.82%.²**

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39 **c) On page 20, lines 17-20, of Order No. P.U. 3 (2022), the Board ordered:**
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41 *“Newfoundland Power shall file an application on or before November 15, 2023*
42 *for approval of the 2024 forecast average rate base and rate of return on rate*
43 *base, maintaining the common equity ratio and return on common equity*
44 *accepted for rate setting in this Order.”*

¹ See the *Application, 2024 Rate of Return on Rate Base, Appendix D*, page 3, line 13.

² *Ibid*, line 15.

- 1 d) See part c).
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3 e) The Board did not provide any direction in Order No. P.U. 3 (2022) with respect to
4 customer rates for 2024; however, when return on rate base applications in its
5 current format were first required by the Board in Order No. P.U. 13 (2013), the
6 Board provided that the Company may file for approval of a revised Schedule of
7 Rates, Tolls and Charges to reflect the revisions required by the Order.³
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9 f) See part e).

³ See Order No. P.U. 13 (2013), page 57, lines 23-24.