

1 **Q. Reference: 2024 Return on Rate Base, page 3 of 8**

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3 **According to Footnote 14, the increase in average rate base is based on 2023 capital**  
4 **expenditures of \$122.9 million approved in Order No. P.U. 38 (2022), 2023 capital**  
5 **expenditures of \$1.6 million approved in Order No. P.U. 14 (2023), and the 2024**  
6 **Capital Budget Application which is currently under review by the Board which**  
7 **proposes capital expenditures of \$115.3 million. Does Newfoundland Power expect**  
8 **any savings owing to projects and programs included in the 2023 and 2024 Capital**  
9 **Budget Applications, such as reduced transmission and distribution losses, and**  
10 **reduced labour costs owing to productivity gains, and if so, are they incorporated in**  
11 **the revenue requirement calculation for 2024?**

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13 A. Appendix C to the *2024 Rate of Return on Rate Base* report shows that the only proposed  
14 changes to the Company's 2023 test year revenue requirement relate to its increased 2024  
15 return on debt and return on equity (and related income tax effects) in compliance with  
16 Order No. P.U. 3 (2022).<sup>1</sup> As such, there are no other cost increases (net of any savings)  
17 included in the 2024 revenue requirement calculation.

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19 Other costs and savings related to Newfoundland Power's 2023 and 2024 capital  
20 expenditures, such as increased depreciation expense and cost savings outlined in the  
21 response to Request for Information CA-NP-003, are incorporated into the Company's  
22 2024 financial forecast, which is provided in Appendix D to the *2024 Rate of Return on*  
23 *Rate Base* report. The 2024 financial forecast is provided to assess the overall need for  
24 cost recovery before and after the \$11.8 million increase in revenue requirement  
25 proposed in the Application.<sup>2</sup>

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27 Changes in Newfoundland Power's costs since the 2023 test year beyond the increase to  
28 the 2024 return on rate base of \$11.8 million are proposed to be recovered through  
29 customer rates effective July 1, 2025 in the Company's *2025/2026 General Rate*  
30 *Application*.

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<sup>1</sup> For supporting calculations for the change in the return on equity of \$2.296 million outlined in Appendix C, see the responses to Requests for Information PUB-NP-009 and PUB-NP-010.

<sup>2</sup> See section 5.0 *Revenue Requirement Impacts* in the *2024 Rate of Return on Rate Base* report filed with the Application for the results of that assessment.