

- 1 **Q. Appendix D, page 1 of 3, line 23, indicates that the revenue shortfall (net of income**
 2 **taxes at 8.50% return on equity) is \$8.845 million. Please provide the calculation to**
 3 **support the \$8.845 million.**
 4
 5 A. Table 1 provides the calculation to support the 2024 revenue shortfall amount of \$8.845
 6 million (net of income taxes at an 8.50% return on equity (“ROE”)).

Table 1:
2024 Revenue Shortfall
(Net of income taxes at an 8.50% return on equity)
 (\$000s)

2024 average common equity, including cost recovery	606,680 ¹
Regulated return on equity	8.50% ²
2024 regulated earnings, including cost recovery	51,569³
Less: financing cost effects	71 ⁴
2024 regulated earnings	51,498⁵
Less: 2024 existing regulated earnings	42,653 ⁶
2024 revenue shortfall	8,845⁷

¹ See the response to Request for Information PUB-NP-008.

² Order No. P.U. 3 (2022) requires the 2024 rate of return on rate base to be calculated maintaining the ROE of 8.50% accepted for rate setting in that order.

³ $\$606,680,000 \times 8.50\% = \$51,569,000$.

⁴ Forecast reduction in finance costs due to inclusion of 2024 revenue shortfall. The inclusion of the 2024 revenue shortfall would also result in a decrease to the Company’s 2024 forecast average debt. This would result in an offsetting impact on Newfoundland Power’s return on debt.

⁵ $\$51,569,000 - \$71,000 = \$51,498,000$.

⁶ See the *Application, 2024 Rate of Return on Rate Base, Appendix D*, page 1, line 18.

⁷ $\$51,498,000 - \$42,653,000 = \$8,845,000$.