

- 1 **Q.** (Reference Application, 2025 – 2029 Capital Plan, page 5) It is stated “*Market*
 2 *conditions following the global events like the pandemic and the war in*
 3 *Ukraine continue to pose a risk to Newfoundland Power’s 2025-2029 Capital*
 4 *Plan. Supply chain disruptions have contributed to reduced availability and*
 5 *extended delivery times for certain materials, including heavy-duty vehicles,*
 6 *conductors, meters and power transformers. Inflationary pressure on*
 7 *materials also increased following these global events.”*
- 8 a) Please provide the Conference Board of Canada’s latest forecasts of the
 9 annual percentage increase in (i) the Canada GDP deflator for 2024 to
 10 2029 and (ii) the Business Non-residential Structures, Machinery and
 11 Equipment component of the GDP deflator for 2024 to 2029.
- 12 b) What evidence does NP have that the pandemic continues to cause supply
 13 chain disruptions?
- 14 c) How has the war in the Ukraine impacted NP?
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- 16 A. a) Table 1 provides the Conference Board of Canada’s latest forecasts of the annual
 17 percentage increase for 2024 to 2029 for the Canada GDP deflator, the Non-
 18 Residential Structures, and Machinery and Equipment component of the GDP
 19 deflator. The data includes a series for Non-Residential Structures and a series for
 20 Machinery and Equipment.

Table 1 Conference Board of Canada Deflators Annual Percentage Increase			
Year	Canada GDP	Non-Residential Structures	Machinery and Equipment
2024	2.7%	1.0%	2.5%
2025	2.0%	1.8%	0.5%
2026	1.7%	2.0%	0.4%
2027	1.7%	1.9%	0.4%
2028	1.7%	2.0%	0.4%
2029	1.7%	2.0%	0.4%

- 1 In Order No. P.U. 36 (1998-1999), the Board ordered the adoption of the GDP
2 Deflator for Canada as an appropriate inflation index for forecasting Newfoundland
3 Power's non-labour expenses.¹
4
- 5 b) Current market conditions have been impacted by both the pandemic and the war in
6 Ukraine. The Company is not able to separate the overall change in current market
7 conditions between these two events; however, the Company observes that the
8 current market conditions have resulted in supply chain disruptions and inflationary
9 pressure on materials.
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- 11 For examples of the impact of supply chain distributions see the response to Request
12 for Information PUB-NP-006 and CA-NP-167.
13
- 14 For examples of inflationary pressure on materials see the responses to Requests for
15 Information PUB-NP-008 and PUB-NP-034.
16
- 17 c) See part b).

¹ For 2024 through 2029, the Conference Board of Canada is forecasting an average annual GDP increase of 1.92% in its release on July 25, 2024. This is reasonably consistent with the average annual GDP increase of 1.80% in its release on February 14, 2024 used in preparing the *2025 Capital Budget Application*.