

1 **Section 2: Customer Operations/Capital Expenditures**
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3 **Q. (Section 2) In determining its annual capital expenditure, please explain how**
4 **Newfoundland Power takes interest rates into account. In particular, did the**
5 **increases in interest rates from early 2022 to mid-2023 influence Newfoundland**
6 **Power’s decisions regarding the levels of 2023 and 2024 capital expenditures and its**
7 **plans for 2025 and 2026 capital expenditures, and do forecasts of interest rate**
8 **movements affect Newfoundland Power’s scheduling of capital projects?**
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10 A. Newfoundland Power’s annual capital expenditures are the product of a comprehensive
11 capital planning process. The Company’s capital planning process applies sound
12 engineering and objective data to determine which expenditures are required annually to
13 provide customers with access to safe and reliable service at the lowest possible cost. The
14 capital plan is updated annually based on the most recent information of forecast
15 customer requirements, asset condition, operational requirements and other factors.
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17 Increases in interest rates have not influenced Newfoundland Power’s decisions regarding
18 its capital expenditures from 2023 to 2026. Further, forecast interest rate changes do not
19 influence the Company’s scheduling of capital projects.