

1 **Section 2: Customer Operations/Operating Costs**  
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3 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
4 **December 12, 2023, vol. 1, Exhibits, exh. 2.**

5 **Please detail all instances in the 2025 Forecast and 2026 Forecast Operating Costs**  
6 **where Gross Domestic Product or the Consumer Price Index is used to escalate costs**  
7 **relative to a previous year.**  
8

9 A. Newfoundland Power used the GDP deflator as the inflation index to forecast most  
10 non-labour operating costs in 2025 and 2026.<sup>1</sup>  
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12 In accordance with established regulatory practice, the Company also reflects known and  
13 measurable changes in its forecast operating costs. For example, insurance costs for 2025  
14 are forecast to increase at a rate higher than GDP.<sup>2</sup> Postage costs for 2025 and 2026 are  
15 forecast to increase at a rate lower than the GDP deflator due to forecast savings from  
16 additional customers expected to participate in paperless billing over the forecast period.

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<sup>1</sup> Newfoundland Power does not use CPI. In Order No P.U. 36 (1998-99), the Board ordered the adoption of the GDP deflator for Canada as an appropriate inflation index to forecast non-labour operating expenses.

<sup>2</sup> See response to Request for Information NLH-NP-021.