

1 **Q. Section 2: Customer Operations/Operating Costs**

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3 **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
4 **December 12, 2023, vol. 1, Exhibits, exh. 4: “Credit Opinion,” Moody’s Investors**
5 **Service, March 31, 2023; exh. 9, p. 8; and exh. 11, p. 10.**

- 6 **a) Where are these sinking funds grouped on the Balance Sheet?**
7 **b) Please provide current sinking funds balances by series.**
8 **c) What is the 2022 and 2023 Actuals and 2024–2026 Forecast sinking fund**
9 **income?**
10 **d) In what types of investments are the sinking funds invested? Are there**
11 **restrictions?**
12 **e) For what purpose is income earned on the sinking funds used?**

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14 **A. a) The term “sinking fund” in reference to Newfoundland Power’s First Mortgage**
15 **Bonds refers to the annual sinking fund payments as required by the Company’s Deed**
16 **of Trust and Mortgage. The required annual sinking fund payments, calculated as 1%**
17 **of the original principal balance of the respective series of First Mortgage Bonds, are**
18 **repayments of the bonds and are not held by Newfoundland Power as sinking fund**
19 **investments.**

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21 **b) See part a).**

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23 **c) See part a).**

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25 **d) See part a).**

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27 **e) See part a).**