

1 **Section 3: Finance/Fair Return**
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- 3 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
4 **December 12, 2023, vol. 1, Evidence, sec. 3.2.8, p. 3-14, Table 3-11, and f.n. 29.**
5 **a) Please reconcile footnote 29 to Table 3-11 and provide the calculation to the**
6 **Energy Supply Cost Variance Account that results in the difference in the Cash**
7 **Flow Interest Coverage.**
8 **b) Please provide the calculation of the Cash Flow Interest Coverage including and**
9 **excluding the impact of current energy supply cost variances. Show the impact**
10 **of the current energy supply cost variances on a separate line with supporting**
11 **calculations.**
12
13 **A. a) Table 1 provides the reconciliation of footnote 29 to Table 3-11 and provides the**
14 **calculation of the Energy Supply Cost Variance Clause (“ESCV”) that results in the**
15 **difference in the Cash Flow Interest Coverage credit metric.**

Table 1:
Cash Flow Interest Coverage Reconciliation

		2023F	2024E	2025E	2026E
Cash Flow from Operations, pre-working capital ¹ (\$000s)	A	100,320	82,767	81,975	80,614
Calculation of ESCV:					
Forecast Energy Purchases (GWh) ²	B	5,834.9	5,870.0	5,920.7	5,912.5
2023 Test Year Energy Purchases ³ (GWh)	C	5,545.9	5,545.9	5,545.9	5,545.9
Variance (GWh)	D = B - C	289.0	324.1	374.8	366.6
Wholesale Rate Differential ⁴ (¢/kWh)	E	11.225	11.225	11.225	11.225
ESCV (\$000s)	F = D x E	32,441	36,382	42,073	41,152
Finance Charges ⁵ (\$000s)	G	38,686	42,490	43,162	44,514
Cash Flow Interest Coverage (times)	(A + G) / G	3.6	2.9	2.9	2.8
Cash Flow Interest Coverage (excluding ESCV) (times)	(A + F + G) / G	4.4	3.8	3.9	3.7

- 16 b) See part a).

¹ See the 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Exhibit 3, page 4 of 9, line 11.

² See the 2025/2026 General Rate Application, Volume 2, Supporting Materials, Tab 3, Customer, Energy and Demand Forecast, Appendix C, page 1 of 1.

³ See the 2022/2023 General Rate Application, Volume 2, Supporting Materials, Tab 3, Customer, Energy and Demand Forecast, Appendix C, page 1 of 1. 2023 forecast purchases includes actual purchases to June 30th.

⁴ Wholesale rate of 18.165 ¢/kWh less 2023 Test Year Unit Energy Cost of 6.94 ¢/kWh.

⁵ See the 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Exhibit 3, page 1 of 9, line 19. For purposes of the Cash Flow Interest Coverage calculation, finance charges also include the equity portion of AFUDC and interest adjustment for pension liability, consistent with Moody’s methodology. See the response to Request for Information CA-NP-068.