

**Section 4: Rate Base and Revenue Requirement/Rate Base and Rate of Return on Rate Base**

**Q. References: “2025/2026 General Rate Application,” Newfoundland Power Inc., December 12, 2023, vol. 1, Exhibits, exh. 7 and vol. 2, Expert Evidence, “Cost of Capital,” Concentric Energy Advisors Inc., November 7, 2023, ch. VI(B)(1)(c), p. 55, fig. 33.**

- a) Please confirm that the revenue requirement impact of Newfoundland Power’s proposed 9.85% Return on Equity (“ROE”) is \$19.9 million, as shown in Exhibit 7.**
- b) Using the Canadian comparators provided in Figure 33—Deemed Equity Ratio and Authorized ROE—please provide Newfoundland Power’s 2026 Revenue Requirement in each instance.**

<b>Operating Utility</b>	<b>Deemed Equity</b>		<b>Revenue Requirement</b>
	<b>Ratio (%)</b>	<b>Authorized ROE (%)</b>	<b>(\$)</b>
Newfoundland Power (Existing)	45.0	8.50	
Newfoundland Power (Proposed)	45.0	9.85	
Alberta Electric Utilities	37.0	8.50	
FortisBC Electric	41.0	9.65	
Ontario Electric Utilities	40.0	9.36	
Maritime Electric	40.0	9.35	
Nova Scotia Power	40.0	9.00	
Canadian Electric Average	39.6	9.17	

- A. a) The estimated impact of the proposed increase in the rate of return on equity from 8.50% to 9.85% on 2026 revenue requirement is \$13.0 million.**
- b) Table 1 provides the requested scenarios.**

**Table 1:  
Pro forma 2026 Revenue Requirement  
Requested Scenarios**

<b>Deemed Equity Ratio (%)</b>	<b>Authorized ROE (%)</b>	<b>Revenue Requirement (\$millions)</b>
45.0	8.50	777
45.0	9.85	790
37.0	8.50	768
41.0	9.65	782
40.0	9.36	779
40.0	9.35	779
40.0	9.00	776
39.6	9.17	777