

SECTION 2: CUSTOMER OPERATIONS/CAPITAL EXPENDITURES**Q. Reference: PUB-NP-055**

- a) Please update Table 1 to include 2020–2023 Actuals.
- b) Please provide a similar table documenting capital additions from 2020 Actuals to 2026 Existing.
- c) Please provide an explanation on the following depreciation increases from the 2023 Test Year to the 2026 Existing:
 - i) Substation – 20% increase;
 - ii) Transmission – 26% increase;
 - iii) Transportation – 39% increase; and
 - iv) Software – 21% increase.
- d) Please articulate how retirement of assets are projected in forecast periods from 2023 Test Year to 2026 Existing.
- e) Please provide the value of retired assets from 2020 to 2026 Existing.

A. a) Please see Attachment A for the requested information.

b) Please see Attachment B for the requested information.

c) Newfoundland Power’s depreciation expense reflects the methodology and depreciation rates outlined in its *2019 Depreciation Study*.¹ The depreciation study and depreciation rates were approved by the Board during the *2022/2023 General Rate Application*.²

i) Substation – The increase represents the investment in substation assets from 2023 to 2026 existing. See Attachment B for the capital asset additions over the same period. See Newfoundland Power’s *2024 Capital Budget Application, 2024-2028 Capital Plan*,³ for detail on substation expenditures over the forecast period.

ii) Transmission – The increase represents the investment in transmission assets from 2023 to 2026 existing. See Attachment B for the capital asset additions over the same period. See Newfoundland Power’s *2024 Capital Budget Application, 2024-2028 Capital Plan*,⁴ for detail on transmission expenditures over the forecast period.

iii) Transportation – The increase represents the investment in transportation assets from 2023 to 2026 existing. See Attachment B for the capital asset additions over the same period. See Newfoundland Power’s *2024 Capital Budget Application, 2024-2028 Capital Plan*,⁵ for detail on transportation expenditures over the forecast period.

¹ The Gannett Fleming Valuation and Rate Consultants, LLC *2019 Depreciation Study* was filed in *Volume 3: Expert Evidence* as part of the Company’s *2022/2023 General Rate Application*.

² See Order No. P.U. 3 (2022), pages 12 and 13.

³ See Newfoundland Power’s *2024 Capital Budget Application, 2024-2028 Capital Plan*, page 18.

⁴ *Ibid.*, page 19.

⁵ *Ibid.*, page 22.

- 1 iv) Software – The increase represents the investment in software assets from
2 2023 to 2026 existing. See Attachment B for the capital asset additions
3 over the same period. See Newfoundland Power’s *2024 Capital Budget*
4 *Application, 2024-2028 Capital Plan*,⁶ for detail on information system
5 expenditures over the forecast period.
6
7 d) Retirement of assets are forecast based upon a percentage of capital expenditures in
8 the forecast periods.
9
10 e) See Table 1 for the requested information.

Table 1:
Asset Retirements⁷
2020 to 2026 Existing
(\$000s)

	2020A	2021A	2022A	2023TY	2023A	2024E	2025E	2026E
Asset Retirements	23,718	21,304	20,804	24,341	23,334	19,829	21,290	25,360

⁶ Ibid., page 21.

⁷ Retirements presented in accordance with Return 4 of the Company’s Annual Report to the Board.

**Depreciation Expense by Asset Class
2020 to 2026 Existing**

Newfoundland Power Inc.
Depreciation Expense by Asset Class
2020 to 2026 Existing
(\$000s)

	2020A	2021A	2022A	2023TY	2023A	2024E	2025E	2026E	2024E vs. 2023TY	2025E vs. 2024E	2026E vs. 2025E
Steam	-	-	(7)	-	(7)	(7)	-	-	(7)	7	-
Hydro	5,230	5,390	5,415	5,583	5,538	5,686	5,833	5,968	103	147	135
Diesel	210	223	168	159	171	167	165	163	8	(2)	(2)
Gas	1,763	1,782	1,944	1,948	1,953	1,973	1,989	2,011	25	16	22
Substation	8,173	8,458	9,761	10,172	10,251	10,929	11,555	12,176	757	626	621
Transmission	4,930	5,189	5,663	6,013	6,024	6,606	7,105	7,565	593	499	460
Distribution	33,978	35,253	35,910	37,114	37,310	38,867	40,383	41,899	1,753	1,516	1,516
General Property	1,795	1,837	1,969	2,145	1,997	2,127	2,156	2,208	(18)	29	52
Transportation	2,891	3,109	3,356	3,507	3,676	4,138	4,529	4,867	631	391	338
Communications	192	178	297	335	345	351	362	368	16	11	6
Software	3,728	4,122	4,311	4,462	4,465	4,708	5,059	5,419	246	351	360
Hardware	2,092	2,005	1,875	2,090	1,980	2,246	2,241	2,281	156	(5)	40
CIS Project	-	-	-	930	833	1,766	1,766	1,766	836	-	-
Total	64,982	67,546	70,662	74,458	74,536	79,557	83,143	86,691	5,099	3,586	3,548

**Capital Asset Additions
2020 to 2026 Existing**

Newfoundland Power Inc.
Capital Asset Additions¹
2020 to 2026 Existing
(\$000s)

	2020A	2021A	2022A	2023TY	2023A	2024E	2025E	2026E	2024E vs. 2023TY	2025E vs. 2024E	2026E vs. 2025E
Steam	-	-	-	-	-	-	-	-	-	-	-
Hydro	1,528	15,090	2,677	11,854	8,728	6,732	8,144	5,812	(5,122)	1,412	(2,332)
Diesel	170	134	77	-	65	-	-	-	-	-	-
Gas	223	294	193	321	158	323	329	600	2	6	271
Substation	15,739	11,580	17,673	18,567	21,427	24,054	21,589	24,083	5,487	(2,465)	2,494
Transmission	8,578	11,446	9,538	12,940	16,890	17,977	16,138	15,621	5,037	(1,839)	(517)
Distribution	45,768	52,925	53,734	55,349	59,793	58,659	57,711	59,536	3,310	(948)	1,825
General Property	4,149	2,385	3,054	4,977	3,242	2,318	3,062	3,157	(2,659)	744	95
Transportation	4,310	3,793	2,455	4,365	6,979	5,953	5,038	4,989	1,588	(915)	(49)
Communications	141	78	129	1,319	1,677	470	958	336	(849)	488	(622)
Software	6,367	5,690	3,127	3,083	5,732	3,375	9,196	7,509	292	5,821	(1,687)
Hardware	2,601	1,507	1,971	1,654	2,383	2,188	2,185	2,319	534	(3)	134
CIS Project	-	-	-	33,469	29,974	-	-	-	(33,469)	-	-
Land	-	129	-	-	-	-	-	-	-	-	-
Total	89,574	105,051	94,628	147,898	157,048	122,049	124,350	123,962	(25,849)	2,301	(388)

¹ Capital asset additions presented in accordance with Return 4 of the Company's Annual Report to the Board.