

SECTION 4: RATE BASE AND REVENUE REQUIREMENT

Q. Reference: NLH-NP-078

Please update the rate increases provided to reflect a Newfoundland Power Return on Equity of:

i) 8.75%; and

ii) 9.0%

A. Table 1 provides the *pro forma* customer rate increases provided to reflect a return on equity of 8.75% and 9.0% associated with the rebasing scenarios referred to in this Request for Information.

**Table 1:
Pro forma Customer Rate Impacts**

	ROE - 8.75%		ROE - 9.00%	
	Base Rates ¹	July 1 st Rate Adjustment ²	Base Rates ¹	July 1 st Rate Adjustment ²
Scenario A – No Rebasing				
July 1, 2025	4.3%	0.4% ³	4.5%	0.4% ³
July 1, 2026		0.4% ⁴		0.4% ⁴
Scenario B – Rebasing				
July 1, 2025	8.6%	0.4% ³	8.8%	0.4% ³
July 1, 2026		(1.4%) ⁵		(1.4%) ⁵

¹ See response to Request for Information PUB-NP-065 for the customer rate impacts.

² For the purpose of estimating the customer rate impacts, the 2026 proposed customer billings have been used, adjusted for the *pro forma* movements in the Energy Supply Cost Variance account as there is minimal impact related to change in proposed customer billings per requested scenarios.

³ Movement in Energy Supply Cost Variance balance from 2023 to 2024 of \$3.9 million / customer billings of \$881.3 million = 0.4%.

⁴ Movement in Energy Supply Cost Variance balance from 2024 to 2025 of \$3.8 million / customer billings of \$885.2 million = 0.4%.

⁵ Movement in Energy Supply Cost Variance balance from 2024 to 2025 of (\$12.0) million / customer billings of \$885.2 million = (1.4%). The adjustments to the Energy Supply Cost Variance balance from January 1 to June 30 will be incorporated into the July 1, 2026 rate adjustment. Assuming no variance in energy purchases, the Energy Supply Cost Variance balance would go to zero by December 31, 2026 which would result in a further decrease on July 1, 2027 of (\$24.4) million / existing customer billings of \$873.2 million = (2.8%).