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- 1 Q. (Reference: Grant Thornton LLP – Newfoundland Power Inc. – 2025/2026 General  
2 Rate Application – Supplemental Report (the “Grant Thornton Report”), p. 2.)  
3 Grant Thornton states:  
4 “An alternative approach to addressing variances in the cash working capital  
5 amount is to consider if the methodology used to calculate the allowance that  
6 included in average rate base requires a revision. We discussed this with the  
7 Company and understand that their preference is to monitor the progress  
8 towards resolving the large differences through the adoption of the new  
9 wholesale rate. If the matter is still an issue after the wholesale rate has been  
10 established, that would be a better time to review the methodology for  
11 determining the allowance. We agree that reviewing the methodology for  
12 calculating an allowance would be more effective if it were performed after the  
13 wholesale rate has been determined.”
- 14 a) Can the impact of a new wholesale rate on cash working capital be tested  
15 based on the proposed wholesale rate structure filed by Newfoundland  
16 Power in response to PUB-NP-007 of this proceeding?  
17 b) Would Grant Thornton recommend a review of the cash working capital  
18 allowance be filed as part of Newfoundland Power’s next general rate  
19 application?  
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- 21 A. a) Grant Thornton does not have all the information that would be required  
22 to calculate the impact of a new wholesale rate on cash working capital. It  
23 is possible that Newfoundland Power could provide an illustrative  
24 calculation incorporating their response to PUB-NP-007.  
25  
26 b) Yes, performing a review of the calculation of the cash working capital  
27 allowance and how it compares to actual cash working capital as part of  
28 Newfoundland Power’s next General Rate Application would provide  
29 greater transparency into any remaining variances.