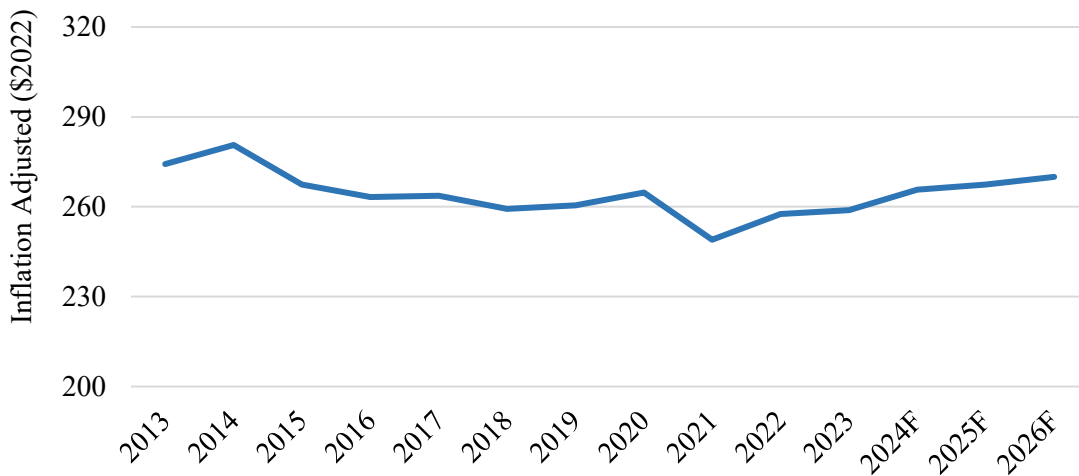


1 **Q. Further to the responses to CA-NP-033 and CA-NP-041, please update the**
 2 **information presented in these responses to include the 2023 actuals to 2026**
 3 **forecast.**

4
 5 A. It is the Company’s position that its internal weighted-labour inflation rate for labour is
 6 the most relevant inflation rate by which to compare its actual performance over time.
 7 See the response to Request for Information PUB-NP-137 for further details.
 8

9 Figure 1 provides the Company’s operating cost per customer from 2013 to 2026 forecast
 10 using the Consumer Price Index (“CPI”) to inflation-adjust its internal labour cost as
 11 requested in CA-NP-033.¹

Figure 1:
Operating Cost per Customer
2013 to 2026F
(\$)



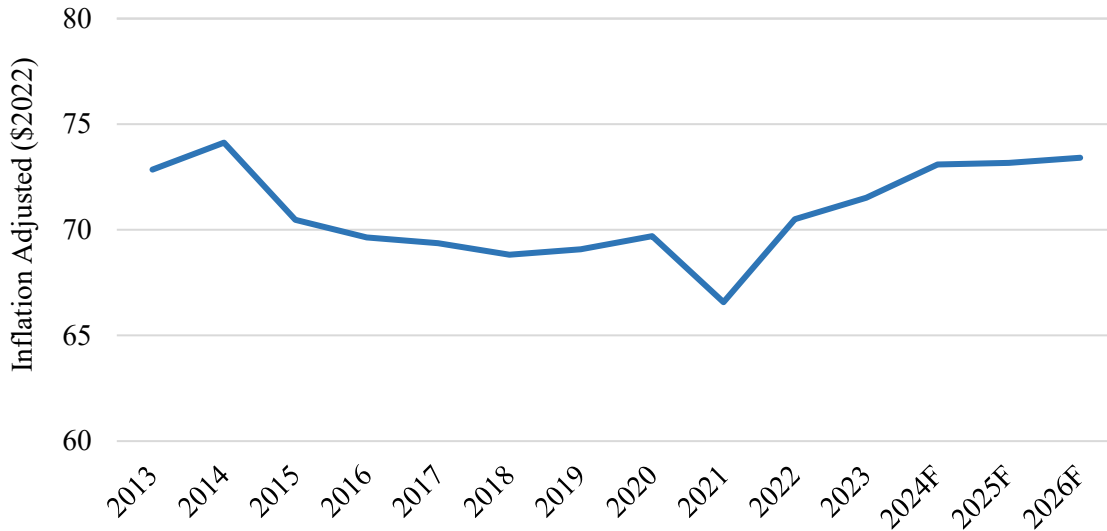
12 Newfoundland Power’s operating costs per customer from 2013 to 2026 forecast are
 13 expected to be reduced by 1.5% on an inflation-adjusted basis.²

¹ The CPI index was provided in the Conference Board of Canada’s data release on August 2, 2023.

² $(\$270 - \$274) / \$274 = -1.5\%$ reduction in operating costs per customer.

1 Figure 2 provides Newfoundland Power’s operating costs from 2013 to 2026 forecast on an
 2 inflation-adjusted basis as requested in CA-NP-041.³

**Figure 2:
 Operating Costs
 2013 to 2026F
 (\$millions)**



3 Newfoundland Power’s operating costs from 2013 to 2026 forecast are expected to
 4 increase by 0.7% on an inflation-adjusted basis.⁴ This reflects the Company’s non-labour
 5 operating requirements anticipated over the forecast period.⁵ See the response to Request
 6 for Information PUB-NP-018 for detailed explanations of the non-labour operating costs
 7 changes from 2024 through 2026.

8
 9 Attachment A provides the updated data and supporting calculations for Figure 2.

³ Non-labour costs are inflation-adjusted using the GDP Deflator for Canada. Labour costs are inflation-adjusted using Newfoundland Power’s labour inflation rate.

⁴ $(\$73.4 - \$72.9) / \$72.9 = 0.7\%$ increase in operating costs.

⁵ For example, the forecast for Other Company Fees is determined based on the Company’s expectations of annual work requirements, and not related solely to annual inflationary increases. For 2024 through 2026, it includes consultant costs anticipated for: (i) regulatory proceedings; (ii) upcoming changes in accounting standards related to converting to International Financial Reporting Standards; and (iii) information technology, including cybersecurity.

**Operating Costs:
2013 to 2026 Forecast**

Newfoundland Power Inc.

**Operating Costs
2013 to 2026F
(\$millions)**

						Labour	
1	Year	Labour	Non-Labour	Nominal	GDP Deflator	Inflation	Real
2	2013	33.9	22.6	56.5	0.80	0.76	72.9
3	2014	35.5	24.1	59.6	0.81	0.80	74.1
4	2015	33.9	23.7	57.6	0.80	0.83	70.5
5	2016	33.8	24.2	58.0	0.81	0.85	69.6
6	2017	35.7	23.9	59.6	0.83	0.88	69.4
7	2018	35.8	24.4	60.2	0.84	0.90	68.8
8	2019	35.2	26.5	61.7	0.86	0.92	69.1
9	2020	36.5	26.9	63.4	0.86	0.95	69.7
10	2021	36.0	27.4	63.4	0.93	0.97	66.6
11	2022	39.0	31.5	70.5	1.00	1.00	70.5
12	2023A	39.2	33.8	73.0	1.01	1.03	71.5
13	2024F	40.4	36.4	76.8	1.03	1.07	73.1
14	2025F	42.1	37.0	79.1	1.05	1.11	73.2
15	2026F	43.9	37.7	81.6	1.06	1.16	73.4