Q. (Reference Application)

It is stated that the capital projects proposed in the Application are estimated to increase the Company's annual revenue requirement by approximately $10 million on a pro forma basis.

a) Please provide the complete calculation supporting this estimate in working Microsoft Excel format with all formulas intact, broken down by project and program, and separately showing depreciation, return on rate base, income taxes, allowance for funds used during construction, contributions in aid of construction, and any offsetting operating cost or purchased power savings.
b) Please provide the estimated impact of the proposed 2027 Capital Budget on customer rates and on the monthly bill of an average Domestic customer.

A. a) Attachment A provides Newfoundland Power's supporting calculation for the *pro forma* $10 million revenue requirement estimate.[1]

b) A $10 million increase in revenue requirement translates to an approximate 1% increase in customer rates.[2]

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[1] For context regarding this estimate, see the *2027 Capital Budget Application, 2027 Capital Budget Overview, Section 2.3.3 Customer Rates*. The estimate is not completed by program/project; therefore, the requested breakdown cannot be provided.

[2] To determine customer rate and customer billing impacts, the Company assesses the impact on existing annual customer billings as a result of a proposed change in customer rates. See, for example, *Section 5.0 Customer Rate Impact* in Schedule 1 of Newfoundland Power's *Application for July 1, 2026 Customer Rates* filed with the Board on May 14, 2026. $10 million divided by existing customer billings of $965.4 million equals approximately 1%.

ATTACHMENT A:

Newfoundland Power Inc. – *Pro Forma* Revenue Requirement ($millions)

Newfoundland Power Inc.
***Pro Forma* Revenue Requirement**
($millions)

	2027
Rate Base (A)[1]	59.1
Return % (B)[2]	6.57%
Return (A x B = C)	**3.9**
Depreciation (D)[3]	4.9
Income Tax (E)[4]	1.0
Revenue Requirement (C + D + E = F)	**9.8**

[1] Forecast annual change in *pro forma* average rate base for 2027. It considers the overall proposed *2027 Capital Budget Application* including an estimated amount of $249,000 for allowance for funds used during construction and $2,500,000 in contributions in aid of construction which shall be calculated in a manner approved by the Board.

[2] Incremental weighted average cost of capital calculated using a return on equity of 8.60%, as approved by the Board in Order No. P.U. 23 (2025) and an incremental cost of debt of 4.913%. The incremental cost of debt is based upon the Company's debt issue in August 2025 which was approved by the Board in Order No. P.U. 26 (2025).

[3] Forecast change in annual *pro forma* depreciation expense.

[4] Income tax associated with the *pro forma* return on equity.