

1 **Q. (Reference Application)**

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3 **For each project and program over \$750,000, please identify the expected**
4 **cost savings, provide an estimate of the impact on rates and provide an**
5 **explanation of how these cost savings will be tracked and recorded in NP's**
6 **next GRA.**
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8 **A.** The Provisional Guidelines require a proposed budget impact summary that assesses the
9 revenue requirement impact and indicative electricity rates assuming that the proposed
10 capital budget is approved in full.¹ This information has been provided in Newfoundland
11 Power's *2027 Capital Budget Application, 2027 Capital Budget Overview, Section 2.3.3*
12 *Customer Rates*. See also, the response to Request for Information CA-NP-003 for
13 additional information regarding the estimated impact of the *2027 Capital Budget*
14 *Application* on the Company's *pro forma* revenue requirement and customer rates.
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16 Due to the complex nature of how capital expenditures impact customer rates,
17 Newfoundland Power does not assess the customer rate impact of individual capital
18 projects or programs. As such, the requested information cannot be provided. For further
19 discussion on the relationship between the Company's capital investments, revenue
20 requirements and customer rates, see Newfoundland Power's *2027 Capital Budget*
21 *Application, 2027 Capital Budget Overview, Section 2.3.3 Customer Rates*.
22

23 The Company completes a fulsome review of its overall revenue requirement in the
24 context of a general rate application. Operating efficiencies associated with capital
25 projects contribute to lower costs for customers and will be reflected in the Company's
26 future test year operating forecasts, whether they are embedded in Newfoundland
27 Power's actuals, or are forecast to occur in the test year period.² See the responses to
28 Requests for Information CA-NP-048 and CA-NP-049 for examples of operating
29 efficiencies resulting from Newfoundland Power's capital investment.

¹ See *Appendix A: I.C. Rate Impact Summary* of the Provisional Guidelines.

² For example, customer benefits associated with hydro plant projects included in the Application will result in the continued provision of low-cost electricity production to customers.