Q. **(Reference CA-NP-022d) It is stated "Newfoundland Power's financial position is not benefited or harmed by customer rate structures."**

a) Does NP earn a return on each dollar spent on projects and programs in its CBA?

b) Do time varying rates and other behind-the-meter alternatives such as customer-owned generation potentially reduce the need for new transmission and distribution facilities?

c) Is NP compensated for potential revenues lost owing to behind-the-meter alternatives such as time-varying rates and customer-owned generation that give customers a measure of control over their bills?

d) In other jurisdictions are utilities compensated for potential lost revenues owing to behind-the-meter alternatives such as time-varying rates and customer owned generation that give customers a measure of control over their bills?

A. a) In general, the cost of capital assets is recovered from customers over asset useful lives, which requires financing by Newfoundland Power. The Company's cost of financing includes both a cost of debt and a cost of equity.

b) Alternatives for a particular customer requirement include different benefits and costs. Both benefits and costs are considered for each alternative, along with other considerations as required, to determine the option that best meets Newfoundland Power's legislative requirements. For example, while time varying rates may reduce the need for certain utility investments, it would require the implementation of advanced metering infrastructure. When potential benefits and costs are considered, the implementation of time varying rates is not least cost for customers at this time.[1]

c) In general, utility revenue requirements are designed to recover all reasonable costs of a utility and would consider the rate structures in place to recover those revenue requirements in a fair and reasonable manner.[2]

d) Newfoundland Power has not completed a jurisdictional analysis specific to this Request for Information. See part c) for further information.

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[1] See the *2027 Capital Budget Application, 2027-2031 Capital Plan, 2027 CBA AMI Update,* page 7.

[2] For example, in Order No. P.U. 8 (2011), the Board approved the deferred recovery of revenues and costs related to the implementation of the optional seasonal rates and time of day pilot study.