

Newfoundland Power Inc.

2019 Return on Rate Base
(\$000s)

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1			
2 Average Capitalization			
3 Debt	623,704	(248)	623,456
4 Preference Shares	8,917	-	8,917
5 Common Equity	512,270	1,827	514,097
6	<u>1,144,891</u>	<u>1,579</u>	<u>1,146,470</u>
7			
8 Average Capital Structure (%)			
9 Debt	54.48	(0.10)	54.38
10 Preference Shares	0.78	-	0.78
11 Common Equity	44.74	0.10	44.84
12	<u>100.00</u>	<u>-</u>	<u>100.00</u>
13			
14 Cost of Capital (%)			
15 Debt	5.76	0.04	5.80
16 Preference Shares	6.19	-	6.19
17 Common Equity	7.05	1.45	8.50
18			
19 Weighted Average Cost of Capital (%)			
20 Debt	3.14	0.01	3.15
21 Preference Shares	0.05	-	0.05
22 Common Equity	3.16	0.65	3.81
23	<u>6.35</u>	<u>0.66</u>	<u>7.01</u>
24			
25 Return on Rate Base			
26 Return on Debt	35,926	219	36,145
27 Return on Preference Shares	552	-	552
28 Return on Common Equity	36,124	7,574	43,698
29	<u>72,602</u>	<u>7,793</u>	<u>80,395</u>

Revision note: Existing forecast updated to reflect the July 1, 2018 rate change. Proposed forecast updated to reflect the July 1, 2018 rate change and the Settlement Agreement.

Newfoundland Power Inc.

2020 Return on Rate Base
(\$000s)

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1			
2 Average Capitalization			
3 Debt	637,984	2,386	640,370
4 Preference Shares	8,917	-	8,917
5 Common Equity	<u>527,323</u>	<u>3,004</u>	<u>530,327</u>
6	<u>1,174,224</u>	<u>5,390</u>	<u>1,179,614</u>
7			
8 Average Capital Structure (%)			
9 Debt	54.33	(0.05)	54.28
10 Preference Shares	0.76	-	0.76
11 Common Equity	<u>44.91</u>	<u>0.05</u>	<u>44.96</u>
12	<u>100.00</u>	<u>0.00</u>	<u>100.00</u>
13			
14 Cost of Capital (%)			
15 Debt	5.81	0.03	5.84
16 Preference Shares	6.19	-	6.19
17 Common Equity	6.45	2.05	8.50
18			
19 Weighted Average Cost of Capital (%)			
20 Debt	3.15	0.02	3.17
21 Preference Shares	0.05	-	0.05
22 Common Equity	<u>2.89</u>	<u>0.93</u>	<u>3.82</u>
23	<u>6.09</u>	<u>0.95</u>	<u>7.04</u>
24			
25 Return on Rate Base			
26 Return on Debt	37,037	331	37,368
27 Return on Preference Shares	552	-	552
28 Return on Common Equity	<u>33,994</u>	<u>11,086</u>	<u>45,080</u>
29	<u>71,583</u>	<u>11,417</u>	<u>83,000</u>

Revision note: Existing forecast updated to reflect the July 1, 2018 rate change. Proposed forecast updated to reflect the July 1, 2018 rate change and the Settlement Agreement.