

- 1 **Q. (Reference NLH-NP-038, line 28) NP makes reference to the company's total**
2 **"contribution" to average customer rates. Please define what the company means by**
3 **its "contribution" to average customer rates. Is this a direct shareholder financial**
4 **contribution? If not, is this language not misleading and inappropriate in a regulatory**
5 **proceeding?**
6
- 7 A. Newfoundland Power purchases approximately 93% of its power supply from
8 Newfoundland and Labrador Hydro ("Hydro"). Purchased power costs from Hydro
9 account for approximately 70% of the Company's overall revenue requirement, and
10 represent the Company's single largest cost.¹
11
- 12 When Newfoundland Power refers to its contribution to revenue requirement or customer
13 rates, it means excluding purchased power costs.² The Company's contribution reflects
14 revenue requirements such as depreciation, operating costs, rate of return on rate base and
15 income taxes.

¹ See the 2022 Capital Budget Application, 2022 Capital Plan, page 12, footnote 30.

² Ibid.