

- 1 **Q. (Application Volume 1, page 3-37) It is stated The Board previously determined**  
 2 **that a strong equity component is needed to mitigate the impact of the Company’s**  
 3 **relatively small size and low growth potential. Order No. P.U. 19 (2003) p.45 is cited**  
 4 **in footnote 90 as the source.**
- 5 a) **Please provide an update on NP’s size. Specifically, provide a table showing**  
 6 **for each of 2003 and 2020: number of customers, rate base expressed in**  
 7 **constant dollar terms using the Statistics Canada GDP deflator, and the**  
 8 **percentage change in each.**
- 9 b) **How does NP’s size, in terms of number of customers and rate base, compare**  
 10 **with that of each of the electric utilities in Ontario that are wholly owned**  
 11 **subsidiaries of FortisOntario Inc? What is each one’s allowed rate of return**  
 12 **on equity and common equity ratio for 2021?**
- 13
- 14 A. a) Table 1 provides Newfoundland Power’s number of customers and average rate  
 15 base, adjusted using the GDP Deflator for Canada, in 2003 and 2020.

**Table 1:  
Newfoundland Power  
Number of Customers and Average Rate Base**

	<b>2003</b>	<b>2020</b>	<b>Percent Change</b>
Number of Customers	221,653	270,285	22%
Average Rate Base (\$000)	919,805	1,181,897	28%

- 16 b) FortisOntario has 3 wholly owned, electric utility subsidiaries: Algoma Power,  
 17 Canadian Niagara Power and Cornwall Electric. Cornwall Electric operates under  
 18 a franchise agreement with a price cap and commodity cost flow through and,  
 19 therefore, is not regulated with reference to an allowed return on equity (“ROE”)  
 20 or equity ratio. As such, Cornwall Electric has been excluded from the  
 21 comparison.  
 22
- 23 Table 2 on the following page provides the number of customers, rate base,  
 24 allowed ROE and common equity ratio for Newfoundland Power, Algoma Power  
 25 and Canadian Niagara Power.

**Table 2:**  
**Newfoundland Power and FortisOntario Utilities**  
**Number of Customers, Average Rate Base, ROE and Equity Ratio**

	<b>Number of Customers<sup>1</sup></b>	<b>Average Rate Base (\$000)<sup>2</sup></b>	<b>Allowed ROE<sup>3</sup></b>	<b>Equity Ratio</b>
Newfoundland Power	270,285	1,181,897	8.50%	45%
Algoma Power	11,732	114,789	8.52%	40%
Canadian Niagara Power	29,718	133,927	8.78 - 9.30%	40%

<sup>1</sup> As at December 31, 2020, for Newfoundland Power and Canadian Niagara Power, and December 31, 2019 for Algoma Power.

<sup>2</sup> Average rate base in 2020 for Newfoundland Power and Canadian Niagara Power, and in 2019 for Algoma Power.

<sup>3</sup> ROE of 8.78% for Canadian Niagara Power distribution and 9.30% for Canadian Niagara Power transmission.