

1 **Q. (Reference Application, 2022 Capital Plan, page 16 and 21, Figures 3 and 5)**

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- 3 **a) What is the percentage and dollar increase in capital spending in 2022 over 2017**
- 4 **levels?**
- 5 **b) What is the percentage and dollar increase in capital spending in 2026 over 2017**
- 6 **levels?**
- 7 **c) Please provide a table and graph showing capital expenditures and regulated**
- 8 **rate base going forward for the next 15 years if capital expenditures continue to**
- 9 **increase at the average annual percentage increase in capital expenditures**
- 10 **between 2006 and proposed for 2026. Please identify the average annual**
- 11 **percentage increase during this period and show the figures in actual dollar**
- 12 **terms.**

- 13
- 14 **A.** a) The increase in capital expenditures over the period 2017 to 2022 forecast period is
- 15 approximately \$22.0 million, or 25%. On an inflation-adjusted basis, the increase is
- 16 approximately \$13.5 million, or 14%.
- 17
- 18 b) The increase in capital expenditures over the period 2017 to 2026 forecast period is
- 19 approximately \$40.8 million, or 47%. On an inflation-adjusted basis, the increase is
- 20 approximately \$22.6 million, or 24%.
- 21
- 22 c) Newfoundland Power does not maintain a 15-year forecast of its capital expenditures
- 23 or average rate base. The Company maintains a 5-year capital plan in accordance
- 24 with Order No. P.U. 35 (2003).<sup>1</sup> The current 5-year plan provides a forecast of
- 25 capital expenditures to 2026. The average annual increase in capital expenditures
- 26 over the period 2006 to 2026 is approximately \$3.5 million, or 6%. On an inflation-
- 27 adjusted basis, the average annual increase is approximately \$1.8 million, or 2%.<sup>2</sup>
- 28

29 The overall level of capital expenditures Newfoundland Power forecasts for a given

30 year is not statistically derived based on historical expenditures. Rather, it is the

31 result of a comprehensive planning process that primarily reflects the condition of

32 electrical system assets and forecast system growth.<sup>3</sup>

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34 Providing a statistically derived forecast of capital expenditures or rate base for the

35 next 15 years, as requested, would not be reflective of future capital expenditures. As

36 an illustrative example, the requested scenario would suggest forecast capital

37 expenditures of approximately \$148 million in 2026. Newfoundland Power's 5-year

38 capital plan forecasts capital expenditures of approximately \$128 million in 2026.<sup>4</sup>

<sup>1</sup> See the *2022 Capital Budget Application, 2022 Capital Plan*.

<sup>2</sup> For a comparison of Newfoundland Power's 5-year capital plan to the previous 15-year period, see response to Request for Information CA-NP-056.

<sup>3</sup> See the *2022 Capital Budget Application, 2022 Capital Plan, Section 2.0 Capital Planning at Newfoundland Power*.

<sup>4</sup> *Ibid.*, Attachment B, page B-1.