1   **Q.**   **(Reference Capital Plan, page 11) It is stated that "On a pro forma basis, the**
2   **Company's 2022 revenue requirement is estimated to increase by approximately $2**
3   **million as a result of the capital projects proposed for 2022."**
4
5   **a) Please provide a step-by-step summary of the calculation of this $2 million**
6   **estimate.**
7   **b) What is the estimated pro forma impact of those capital projects on Newfoundland**
8   **Power's revenue requirement for 2023, 2024, 2025, and 2026?**
9
10   A.   a) See response to Request for Information NLH-NP-035 for a breakdown of the
11   approximate $2 million estimate.
12
13   b) See response to Request for Information NLH-NP-035 for a *pro forma* 2023 revenue
14   requirement estimate.
15
16   Table 1 provides the *pro forma* revenue requirement impacts for 2024 to 2026.[1]

Table 1
***Pro forma* Revenue Requirements**
($millions)

	2024	2025	2026
Rate Base (A)[2]	58.1	49.1	48.9
Return % (B)[3]	5.81%	5.81%	5.81%
Return (A × B = C)	**3.4**	**2.9**	**2.8**
Depreciation (D)[4]	4.7	3.5	3.3
Operating and Maintenance (E)[5]	(2.9)	(3.2)	(3.5)
Income Tax (F)[6]	1.0	0.8	0.8
Revenue Requirement (C + D + E + F = G)	**6.2**	**4.0**	**3.4**

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[1]   The *pro forma* estimates are practically limited. Please refer to the *2022 Capital Budget Application, 2022 Capital Plan, Section 2.3.2 Revenue Requirement Perspective,* which discusses the practical limitations of these estimates.

[2]   Forecast annual change in *pro forma* average rate base.

[3]   Incremental weighted average cost of capital calculated using a return on equity of 8.50% as approved by the Board in Order No. P.U. 2 (2019) and an incremental cost of debt of 3.608%. The incremental cost of debt is based upon the Company's latest debt issue which was approved by the Board in Order No. P.U. 9 (2020).

[4]   Forecast change in *pro forma* annual depreciation expense.

[5]   Includes maintenance costs savings and avoided electricity costs associated with the proposed *LED Street Lighting Replacement Plan.*

[6]   Income tax associated with the *pro forma* return on equity.