

1 **Q. (Reference Application) Please confirm that NP is requesting Board approval**
2 **of capital expenditures totaling \$120,042,000 in the 2024 Capital Budget**
3 **Application which includes \$19,711,000 that would be expended in 2025 and**
4 **2026. Please confirm that NP proposes a capital spend of \$115,252,000 in 2024**
5 **(includes previously approved projects).**

6 **a) Please identify any other capital expenditures that are not included in these**
7 **figures such as the proposed MUN-T2 transformer replacement.**

8 **b) NP indicates (Application, para. 3) that in 2024 it intends to demand \$2.5**
9 **million in contributions in aid of construction from its customers. Does this**
10 **mean that of the \$115,252,000, the amount of \$112,752,000 (i.e.,**
11 **\$115,252,000 - \$2,500,000) will affect rate base and that the \$2.5 million**
12 **will not affect rate base?**

13
14 **A.** Newfoundland Power's *2024 Capital Budget Application* is seeking approval of capital
15 expenditures associated with:

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17 (i) proposed single-year 2024 capital expenditures of \$84,583,000 comprising
18 projects and programs costing in excess of \$750,000;
19 (ii) proposed single-year 2024 capital expenditures of \$10,514,000 comprising
20 projects and programs costing \$750,000 and under;
21 (iii) proposed multi-year projects commencing in 2024 with capital expenditures of
22 \$5,234,000 in 2024; and
23 (iv) ongoing multi-year projects previously approved in Order No. P.U. 36 (2021)
24 and Order No. P.U. 38 (2022) with capital expenditures of \$14,921,000 in
25 2024.

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27 Capital budget expenditures for 2024 total \$115,252,000.¹

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29 Newfoundland Power is also seeking approval of capital expenditures associated with
30 proposed multi-year projects commencing in 2024 with capital expenditures of
31 \$19,414,000 in 2025 and \$297,000 in 2026.²

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33 a) The only capital expenditures not included in the amounts outlined in part a) are
34 related to the replacement of power transformer MUN-T2 approved by the Board in
35 Order No. P.U. 14 (2023). Capital expenditure estimates associated with the
36 replacement of the MUN-T2 power transformer are \$48,000 in 2023 and \$1,566,000
37 in 2024.
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39 b) Contributions in aid of construction represent the cost of utility property, plant and
40 equipment contributed by customers and government. When these contributions are
41 received, they are recorded as a reduction to the cost of utility property, plant and

¹ See Newfoundland Power's *2024 Capital Budget Application*, paragraph 9(a).

² See Newfoundland Power's *2024 Capital Budget Application*, paragraph 9(b).

1 equipment. As such, contributions received in 2024 will reduce the Company's total
2 rate base in that year.³

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4 Each contribution in aid of construction is calculated in a manner approved by the
5 Board.⁴ The contribution may not include 100% of the actual capital expenditure
6 and may not necessarily be recovered in the same year as the associated capital
7 expenditure is incurred.

³ Similar to capital budget expenditures, the \$2.5 million contributions in aid of construction figure is a budget estimate. The impact on the Company's rate base will depend on the actual contributions in aid of construction that occur in 2024. For example, see Return 3 of the Company's *2022 Annual Report*.

⁴ The most recent contribution in aid of construction calculations were approved in Board Order No. P.U. 1 (2023).