

1 **Reference: 2024 Capital Budget Overview**

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3 **Q. Page 10. Please provide a table that shows all savings and reduced operating**  
4 **costs expected to be achieved with the implementation of the proposed 2024**  
5 **capital budget projects and programs.**

6  
7 A. The capital projects proposed in the Application are estimated to increase Newfoundland  
8 Power’s annual revenue requirement by approximately \$4 million on a *pro forma* basis.

9  
10 Table 1 provides a breakdown of this estimate, including details associated with reduced  
11 operating costs as a result of the *LED Street Lighting Replacement* and *Application*  
12 *Enhancements* projects and the customer benefit associated with the continued  
13 operation of the Mobile and Lookout Brook hydro plants.

Table 1 2024 Capital Projects and Programs Annual Revenue Requirement Estimate (\$millions)	
	2024 <i>pro forma</i>
Depreciation, return on rate base and income taxes <sup>1</sup>	10.0
Reduced operating costs	
<i>LED Street Lighting Replacement</i> project	(1.5)
<i>Application Enhancements</i> project	(0.2)
	(1.7)
Continued customer benefits	
<i>Mobile Hydro Plant Surge Tank Refurbishment</i> project	(2.8)
<i>Lookout Brook Hydro Plant Refurbishment</i> project	(1.3)
	(4.1)
2024 <i>pro forma</i> annual revenue requirement estimate	4.2

<sup>1</sup> For a breakdown of this amount, see the response to Request for Information NLH-NP-039.

1            *LED Street Lighting Replacement Project*

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3            In 2021, the Company commenced implementation of a plan to provide all Street and  
4            Area Lighting customers with LED fixtures within six years. Expenditures proposed for  
5            2024 in the *LED Street Lighting Replacement* project represent the fourth year of this  
6            plan. When compared to maintaining the status quo, the continuation of this plan will  
7            provide for estimated lower operating costs of approximately \$1.1 million and avoided  
8            purchased power costs of approximately \$0.4 million.<sup>2</sup>

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10           *Application Enhancements Project*

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12           The *Application Enhancements* project includes the enhancement of four software  
13           applications in 2024. These enhancements will improve the productivity of  
14           Newfoundland Power's operations through: (i) the reduction or elimination of manual  
15           processes; (ii) greater opportunities to gain efficiencies through pooling work; and,  
16           (iii) efficiencies in the assignment and prioritization of work tasks, all of which results in  
17           reduced costs to customers.<sup>3</sup>

18  
19           The enhancements proposed for 2024 are estimated to result in lower annual revenue  
20           requirement of approximately \$0.2 million.

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22           *Customer Benefits Associated with the Continued Operation of Hydro Plants*

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24           The proposed refurbishment of the Company's Mobile and Lookout Brook hydro plants  
25           will result in the continued provision of low-cost energy to customers, thereby avoiding  
26           the need to purchase more expensive replacement production.

27  
28           The customer benefit associated with the continued operation of the Mobile hydro plant  
29           is estimated to be approximately \$2.8 million in lower annual revenue requirement.<sup>4</sup>

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31           The customer benefit associated with the continued operation of the Lookout Brook  
32           hydro plant is estimated to be approximately \$1.3 million in lower annual revenue  
33           requirement.<sup>5</sup>

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<sup>2</sup> The status quo would have involved continuing Newfoundland Power's maintenance program for HPS street lights and installing a LED fixture only when a HPS fixture could not be repaired. For full details on the *LED Street Lighting Replacement* project, see the Company's *2024 Capital Budget Application, Schedule B*, pages 2 to 5.

<sup>3</sup> See Newfoundland Power's *2024 Capital Budget Application*, report *5.1 2024 Application Enhancements*, pages 1 to 9.

<sup>4</sup> Based on 2025 revenue requirement impacts (first full year back in service) associated with reduced exports and avoided capacity additions partially offset by the annual revenue requirement for continued operation of the plant. See Newfoundland Power's *2024 Capital Budget Application*, report *4.2 Mobile Hydro Plant Surge Tank Refurbishment*, Appendix A, Attachment D.

<sup>5</sup> Based on 2026 revenue requirement impacts (first full year back in service) associated with reduced exports and avoided capacity additions partially offset by the annual revenue requirement for continued operation of the plant. See Newfoundland Power's *2024 Capital Budget Application*, report *4.1 Lookout Brook Hydro Plant Refurbishment*, Appendix A, Attachment D.