

1 **Reference: CA-NP-059**

2
3 **Q. The 2024 Capital Budget Overview on page 13 states that “Newfoundland**
4 **Power’s investment in T&D assets has increased at a rate consistent with the**
5 **average of other Atlantic Canadian utilities over the 10-year period ending in**
6 **2021”. Table 1 in the response to the RFI shows the Capital Investment per**
7 **Customer for Newfoundland Power is approximately 12.7% higher than the**
8 **Atlantic Canadian Utilities in 2021. Please explain why Newfoundland Power’s**
9 **Capital Investment per Customer is higher than the other Atlantic Canadian**
10 **Utilities.**

11
12 A. In responding to this request for information, Newfoundland Power observed that, in
13 their annual financial statements, NB Power changed accounting standards in 2016 from
14 Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to International
15 Financial Reporting Standards (“IFRS”). The change in accounting standards resulted in
16 a material reduction in NB Power’s reported property, plant and equipment.
17 Consequently, the property, plant and equipment reported in NB Power’s 2012 financial
18 statements cannot be directly compared to the values reported in its 2021 financial
19 statements.

20
21 Table 1 provides the information included in the response to Request for Information
22 CA-NP-059 excluding capital investment associated with NB Power.

Table 1 Atlantic Canadian Comparison Capital Investment						
Utility	Capital Investment (\$Millions) ¹		Customers (000s)		Capital Investment per Customer (\$)	
	2012	2021	2012	2021	2012	2021
Newfoundland Power	1,024	1,536	252	272	4,071	5,646
Atlantic Canadian Utilities ²	1,162	1,768	287	311	4,049	5,685

23 Newfoundland Power’s capital investment increased by 50% over the 2012 to 2021
24 period.³ This growth rate is consistent with the average growth experienced by the
25 remaining two utilities in the Atlantic Canadian Comparison of 52%.⁴ Subsequent to the
26 changed accounting standards in 2016, Newfoundland Power observes that NB Power’s
27 property, plant and equipment relating to T&D assets increased by 34% from 2016 to

¹ Reflects the gross value of PP&E in T&D assets determined in accordance with generally accepted accounting principles.

² Includes Nova Scotia Power and Maritime Electric.

³ $(1,536 / 1,024) - 1 \times 100\% = 50\%$.

⁴ $(1,768 / 1,162) - 1 \times 100\% = 52\%$.

1 2021.⁵ By comparison, Newfoundland Power's T&D assets increased by approximately
2 22% over the same period.

3
4 Newfoundland Power's average capital investment per customer was also consistent
5 with the remaining two utilities in the Atlantic Canadian Comparison group in both 2012
6 and 2021. The Company's average capital investment per customer was 0.6% higher
7 than the two remaining utilities in the Atlantic Canadian Comparison in 2012 and 0.7%
8 lower in 2021.⁶

⁵ This comparison was based on the utility's financial statements that were all completed using IFRS.

⁶ For 2012, $(\$4,071 / \$4,049) - 1 \times 100\% = 0.6\%$. For 2021 $(\$5,646 / \$5,685) - 1 \times 100\% = -0.7\%$.