

1 **Q. Reference: (2024 Rate of Return on Rate Base, page 5 of 8)**  
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3 **It is stated “Under this facility, the Company is forecasting 2024 short-term debt costs**  
4 **of approximately 5.5%.”**

5 **a) Please provide details of the analysis used to develop this forecast, including**  
6 **whether an outside financial advisor played a role in developing that forecast.**

7 **b) Has the forecast changed since the Application was filed?**

8 **c) On December 5, 2023, the Bank of Canada made its scheduled interest rate**  
9 **announcement and held its policy rate unchanged**  
10 **(bankofcanada.ca/2023/12/fad-press-release-2023-12-06/). Has, or will,**  
11 **Newfoundland Power reconsider its interest rate forecast in light of that**  
12 **announcement?**

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14 **A. a) See part c) to Request for Information NLH-NP-004 for a description of how the**  
15 **forecast was developed. The Company did not use an outside financial advisor to**  
16 **develop the Company’s forecast short-term borrowing rates.**

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18 **b) The forecast has not changed since the Application was filed.**

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20 **c) Newfoundland Power’s current forecast of short-term interest rates does not require**  
21 **revision at this time. The financial rate forecasts provided in September by the**  
22 **chartered banks would have considered the probabilities of future interest rate**  
23 **changes by the Bank of Canada.**

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25 For example, the most recent credit facility borrowing by Newfoundland Power on  
26 November 20, 2023 was at an average rate of 6.2%, consistent with its forecast. In  
27 addition, the Company is forecasting a decrease in each of the four quarters in 2024.  
28 Overall, Newfoundland Power’s 2024 forecast reflects a reduction in short-term  
29 borrowing rates from 6.2% in the fourth quarter of 2023 to 4.9% in the fourth quarter  
30 of 2024, a reduction of approximately 1.3% over this period.