

1 **Q. Reference: (2024 Rate of Return on Rate Base, page 2 of 8)**
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3 **It is stated “Customer rates approved by the Board must yield an appropriate level of**
4 **revenue for a utility to have a reasonable opportunity to earn the just and reasonable**
5 **return determined by the Board.” Since the Order was issued on the 2022/2023 GRA,**
6 **has Newfoundland Power earned a “just and reasonable return”? More specifically,**
7 **is Newfoundland Power earning a rate of return on rate base that is within the**
8 **range approved in the 2022/2023 GRA? Please explain.**
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10 A. In Order No. P.U. 3 (2022), the Order disposing of the Company’s 2022/2023 GRA, the
11 Board approved the following rates of return on average rate base: (i) for 2022, 6.61% in
12 a range of 6.43% to 6.79%; and (ii) for 2023, 6.39%, in a range of 6.21% to 6.57%.¹ The
13 Company accepts the Board’s determinations as to what constitutes a just and reasonable
14 return.
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16 The Company’s return on rate base was 6.72% in 2022, which was within the range of
17 6.43% to 6.79% established by the Board.
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19 Newfoundland Power is forecasting a rate of return on rate base of 6.85% in 2023, which
20 is above the 6.21% to 6.57% range of return on rate base established by the Board. Any
21 return on rate base in excess of the range approved by the Board (i.e., above 6.57% for
22 2023) will be credited to the Company’s Excess Earnings Account. As such, the
23 Company cannot earn in excess of the range established by the Board as just and
24 reasonable.
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26 For further information, see the responses to Requests for Information PUB-NP-001 and
27 NLH-NP-007.

¹ See Order No. P.U. 3 (2022), page 20.