

1 **Q. Reference: 2024 Return on Rate Base**

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3 **In Appendix B, what is the purpose of showing the calculation of Newfoundland**
4 **Power's weighted average cost of capital?**

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6 A. Newfoundland Power's Application results in a revision to its return on rate base from
7 the amount reflected in current customer rates. The Company's return on rate base is the
8 total of its return on equity investment and return on debt investment.¹ Newfoundland
9 Power's weighted average cost of capital is a key financial metric which provides the
10 total overall cost of that return on equity and debt in comparison to its total invested
11 equity and debt.

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13 The *2024 Rate of Return on Rate Base Application*, including the presentation of
14 Appendix B, follows the same approach as prior applications approved by the Board for
15 the 2015, 2018 and 2021 forecast years.²

¹ See, for example, the *Application, 2024 Rate of Return on Rate Base, Appendix D*, page 3.

² See Orders No. P.U. 051 (2014), P.U. 41 (2017) and P.U. 36 (2020).