

1 **Q. Reference: “2024 Rate of Return on Rate Base Application”, Newfoundland Power**
2 **Inc., November 23, 2023, app. B.**

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4 **In Board Order No. P.U. 16 (2019), the Board of Commissioners of Public Utilities**
5 **approved Newfoundland and Labrador Hydro’s application to increase rate base**
6 **outside of a test year.**

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8 **Hydro shall continue to use the currently approved method to determine rate**
9 **base, including beginning-of-year and end-of-year averaging for capital**
10 **assets in service. Hydro may apply to the Board for a different treatment of**
11 **significant capital additions on a case-by-case basis.**

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13 **a) Please explain why it is appropriate for Newfoundland Power to receive an**
14 **increase to the total rate base outside of a test year.**
15 **b) Please provide a listing of utilities across Canada that receive an adjustment to**
16 **average rate base outside of a test year.**
17 **c) Please provide supporting analysis that receiving an increase to total rate base**
18 **outside of a test year is consistent with utility practice across Canada.**

19
20 **A. a) In Order No. P.U. 3 (2022), the Board ordered, among other things, that**
21 **Newfoundland Power file an application on or before November 15, 2023 for**
22 **approval of the Company’s 2024 forecast average rate base and rate of return on**
23 **rate base, maintaining the common equity ratio and return on common equity**
24 **accepted for rate setting in that order.¹**

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26 Newfoundland Power’s application is filed in compliance with the Board’s order.²

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28 **b) See the response to Request for Information PUB-NP-004 for the results of a**
29 **jurisdictional scan of investor-owned utilities in Canada to determine how customer**
30 **rates are adjusted between test years.**

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32 **c) See part b).**
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¹ See Order No. P.U. 3 (2022), page 20, lines 17-20.

² With respect to revisions to customer rates outside of a test year, the Board has recognized that such revisions may be required based on the approval of a new rate of return on rate base in the year subsequent to a test year. For example, see Order No. P.U. 13 (2013) wherein the Board provided that the Company may file for approval of a revised *Schedule of Rates, Tolls and Charges* to reflect the revisions required to its 2015 rate of return on rate base by that order.