

- 1 Q. Provide a 2025 and 2026 forecast statement of earnings, including the rates of return on rate
2 base and equity, using the methodology and capitalization rates proposed for approval.
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5 A. Please refer to PUB-NLH-001, Attachment 1.

2025 and 2026 Forecast Statement of Earnings¹
(\$ thousands)

	<u>Forecast</u> 2025	<u>Forecast</u> 2026
Revenue		
Energy Sales	644,046	646,601
Generation Demand Cost Recovery	1,560	1,560
CIAC Revenue	2,307	2,310
Other Revenue	2,271	2,247
Total Revenue	<u><u>650,185</u></u>	<u><u>652,717</u></u>
Expenses		
Operating Expenses ²	153,920	153,326
Amortization of Foreign Exchange Losses	2,157	2,157
Fuels	233,514	231,677
Power Purchases	67,026	66,327
Power Purchases - Off-Island	174	844
Depreciation	94,058	103,084
Accretion of Asset Retirement Obligation	1,075	1,148
Interest	88,527	86,653
Total expenses	<u><u>640,451</u></u>	<u><u>645,216</u></u>
Net income	9,734	7,502
Add:		
Cost of service exclusions:		
Revenue Req. Cost of Service Exclusions	404	404
Interest Cost of Service Exclusions	6,848	8,238
Regulated Interest	83,836	80,571
Return on Rate Base	<u>100,821</u>	<u>96,714</u>
Average Rate Base	2,472,167	2,564,689
Return on Rate Base %^{3,4}	4.08%	3.77%
Return on Equity %^{5,6}	2.49%	2.31%

¹ Numbers may not add due to rounding.

² Operating expenses are net of general expenses capitalized using the rates proposed for approval.

³ The current approved Return on Rate Base is 5.45%, in a band of 5.25% to 5.65%.

⁴ Excluding the General Expenses Capitalized credit, the Return on Rate Base % would be 3.8% in 2025 and 3.5% in 2026.

⁵ The approved Return on Equity is 8.6%.

⁶ Excluding the General Expenses Capitalized credit, the Return on Equity % would be 1.5% in 2025 and 1.3% in 2026.