

*2019 and 2020 Forecast Capital Structure and Return on Rate Base*

**Newfoundland Power Inc.**

**2019 Return on Rate Base  
 (\$000s)**

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1			
2 <b>Average Capitalization</b>			
3 Debt	623,704	(248)	623,456
4 Preference Shares	8,917	-	8,917
5 Common Equity	512,270	1,827	514,097
6	<u>1,144,891</u>	<u>1,579</u>	<u>1,146,470</u>
7			
8 <b>Average Capital Structure (%)</b>			
9 Debt	54.48	(0.10)	54.38
10 Preference Shares	0.78	-	0.78
11 Common Equity	44.74	0.10	44.84
12	<u>100.00</u>	<u>-</u>	<u>100.00</u>
13			
14 <b>Cost of Capital (%)</b>			
15 Debt	5.76	0.04	5.80
16 Preference Shares	6.19	-	6.19
17 Common Equity	7.05	1.45	8.50
18			
19 <b>Weighted Average Cost of Capital (%)</b>			
20 Debt	3.14	0.01	3.15
21 Preference Shares	0.05	-	0.05
22 Common Equity	3.16	0.65	3.81
23	<u>6.35</u>	<u>0.66</u>	<u>7.01</u>
24			
25 <b>Return on Rate Base</b>			
26 Return on Debt	35,926	219	36,145
27 Return on Preference Shares	552	-	552
28 Return on Common Equity	36,124	7,574	43,698
29	<u>72,602</u>	<u>7,793</u>	<u>80,395</u>

**Revision note:** Existing forecast updated to reflect the July 1, 2018 rate change. Proposed forecast updated to reflect the July 1, 2018 rate change and the Settlement Agreement.

**Newfoundland Power Inc.**

**2020 Return on Rate Base**  
**(\$000s)**

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1			
2 <b>Average Capitalization</b>			
3 Debt	637,984	2,386	640,370
4 Preference Shares	8,917	-	8,917
5 Common Equity	<u>527,323</u>	<u>3,004</u>	<u>530,327</u>
6	<u>1,174,224</u>	<u>5,390</u>	<u>1,179,614</u>
7			
8 <b>Average Capital Structure (%)</b>			
9 Debt	54.33	(0.05)	54.28
10 Preference Shares	0.76	-	0.76
11 Common Equity	<u>44.91</u>	<u>0.05</u>	<u>44.96</u>
12	<u>100.00</u>	<u>0.00</u>	<u>100.00</u>
13			
14 <b>Cost of Capital (%)</b>			
15 Debt	5.81	0.03	5.84
16 Preference Shares	6.19	-	6.19
17 Common Equity	6.45	2.05	8.50
18			
19 <b>Weighted Average Cost of Capital (%)</b>			
20 Debt	3.15	0.02	3.17
21 Preference Shares	0.05	-	0.05
22 Common Equity	<u>2.89</u>	<u>0.93</u>	<u>3.82</u>
23	<u>6.09</u>	<u>0.95</u>	<u>7.04</u>
24			
25 <b>Return on Rate Base</b>			
26 Return on Debt	37,037	331	37,368
27 Return on Preference Shares	552	-	552
28 Return on Common Equity	<u>33,994</u>	<u>11,086</u>	<u>45,080</u>
29	<u>71,583</u>	<u>11,417</u>	<u>83,000</u>

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