

1 Q. On Schedule III of the Finance and Corporate Services Evidence provided by
2 John C. Roberts the rate base is forecast to increase by a combined total of
3 \$129,261,000 during 2003 and 2004. Please provide details of the
4 components of this increase?

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7 A. The most significant components of the change in ratebase from 2002 to
8 2004 are the changes in Capital Assets. Ratebase is increased when new
9 capital assets come in service and is reduced through annual depreciation
10 charges. There has been a net increase of \$136,969,000 in average capital
11 assets in service from 2002 to 2004, primarily due to the Granite Canal
12 project and the 2003 and 2004 Capital projects. This has been offset by
13 reductions in average fuel and supplies inventory balances, cash working
14 capital allowance and deferred changes balances. See attached schedule
15 for calculations.

Newfoundland and Labrador Hydro

CA-127 NLH

Page 2 of 2

Line #

	Rate Base	2002	2004	
	(\$ thousands)	Actual	Forecast	Difference
4	Capital Assets	1,757,726	1,947,670	189,944 ¹
5	less: CIAC	87,569	86,397	-1,172
6	Acc. Dep	433,572	497,452	63,880 ²
7	Net Assets not in Service	155	74	-81
8	Muskrat Falls	2,010	2,010	0
9	Net Capital Assets	1,234,420	1,361,737	127,317
10	Balance previous year	1,224,068	1,370,689	146,621
11	Average Capital Assets	1,229,244	1,366,213	136,969
12	Working Capital	3,579	3,075	-504
13	Fuel	17,715	14,907	-2,808
14	Inventory/Supplies	19,966	19,387	-579
15	Average Deferred Charges	85,703	81,886	-3,817
16	Average Rate base	1,356,207	1,485,467	129,261
17				
18				
19	¹ Granite Canal Hydroelectric Plant		134,550	
20	PUB Approved 2003 Capital Budget - in service			
21	Thermal	4,572		
22	Distribution	7,367		
23	Microwave	8,673		
24	Computers	3,041		
25	Tools& equipment	3,258		
26	Other	8,400	35,311	
27	PUB Approved 2004 Capital Budget - in service			
28	Hydro	2,559		
29	Thermal	2,281		
30	Transmission	5,467		
31	Distribution	5,706		
32	Tools&Equipment	5,467		
33	Other	4,208	25,688	
34	Less: Original cost of Assets retired		(5,605)	
35			189,944	
36				
37	² Depreciation expense - 2003		32,786	
38	Depreciation expense - 2004		33,932	
39	Less: Accumulated Depreciation - retirements		(2,838)	
40			63,880	