

1    Q.    Provide actual costs for the Island Interconnected system for each of the  
2           years 1997 to 2002 inclusive plus the 2003 and 2004 estimates. Use the  
3           same format as in Schedule 2 of J.C. Robert's evidence substituting in the  
4           "Increase (Decrease)" columns the cumulative difference from the starting  
5           point.

6

7

8    A.    Please refer to the attached schedule. Island Interconnected Cost of Service  
9           numbers are available for all items on the revenue requirement, with the  
10          exception of Lines 16-25 and Lines 29-30. For these amounts, Hydro has  
11          prorated the Island Interconnected Operating & Maintenance costs,  
12          determined by the Cost of Service, over the account group details in the  
13          same proportions as Hydro's total revenue requirement. It is important to  
14          note that because these amounts have been prorated, they are not  
15          supported by detailed financial records.

**Newfoundland and Labrador Hydro**  
**Island Interconnected Revenue Requirement**  
**\$ thousands**

**IC-10 NLH**  
**2003 NLH General Rate Application**  
**Page 2 of 2**

Line No.	Description	1997 Actuals	1999 Actuals	Variance to 1997 Increase (Decrease)	2000 Actuals	Variance to 1997 Increase (Decrease)	2001 Actuals	Variance to 1997 Increase (Decrease)	2002 Actuals	Variance to 1997 Increase (Decrease)	2004 Forecast (Rev. 1)	Variance to 1997 Increase (Decrease)
1												
2												
3	<b>Depreciation</b>	26,100	29,743	3,643	28,839	2,739	25,175	(925)	25,329	(771)	27,885	1,785
4	<b>Fuel</b>											
5	No. 6 Fuel	54,819	28,970	(25,849)	49,252	(5,567)	98,459	43,640	112,534	57,715	84,410	29,591
6	Additives and Indirects	132	173	41	83	(49)	223	91	398	266	240	108
7	Environmental Fee	123	26	(97)	(26)	(149)	18	(105)	88	(35)	56	(67)
8	Ignition Fuel	113	140	27	156	43	150	37	116	3	113	0
9	Gas Turbine Fuel	74	137	63	73	(1)	63	(11)	85	11	265	191
10	Diesel Fuel	74	32	(42)	56	(18)	61	(13)	59	(15)	55	(19)
11	NP Fuel / Other	2	0	(2)	0	(2)	0	(2)	0	(2)	0	(2)
12	Rate Stabilization Plan	(14,973)	(1,327)	13,646	(11,455)	3,518	(57,094)	(42,121)	(46,270)	(31,297)	0	14,973
13	<b>Total Fuel</b>	40,364	28,151	(12,213)	38,139	(2,225)	41,880	1,516	67,010	26,646	85,139	44,775
14	<b>Power Purchased and Wheeling Charges</b>	1,826	12,140	10,314	12,672	10,846	12,610	10,784	12,554	10,728	29,928	28,102
15	<b>Other Costs</b>											
16	Salaries and Fringe Benefits	40,954	45,963	5,009	49,258	8,304	48,741	7,787	49,306	8,352	49,246	8,292
17	Systems Equipment Maintenance	9,086	12,045	2,959	15,257	6,172	13,774	4,689	13,120	4,034	13,565	4,479
18	Insurance	967	860	(106)	834	(133)	749	(217)	915	(52)	1,572	606
19	Transportation	2,509	2,804	295	1,922	(587)	1,467	(1,042)	1,511	(997)	1,592	(917)
20	Office supplies	2,145	2,302	157	1,673	(472)	1,478	(667)	1,417	(727)	1,490	(655)
21	Building Rentals Maintenance	1,745	2,333	588	802	(943)	556	(1,189)	687	(1,058)	696	(1,049)
22	Professional Services	2,074	3,025	951	3,067	993	4,366	2,292	4,062	1,987	3,507	1,432
23	Travel	1,545	1,980	435	2,174	629	2,102	557	1,768	223	1,666	120
24	Equipment Rentals	1,208	1,290	82	1,126	(83)	1,081	(127)	1,048	(160)	1,274	66
25	Miscellaneous	3,095	3,809	713	4,164	1,068	4,339	1,243	3,570	474	3,493	397
26	Loss (Gain) on Disposal of Capital Assets	436	857	421	1,742	1,306	1,725	1,289	1,727	1,291	515	79
27	Subtotal	65,764	77,268	11,504	82,019	16,254	80,379	14,614	79,132	13,367	78,615	12,851
28	Allocations											
29	Hydro Capitalized Expense	(5,446)	(6,876)	(1,429)	(5,804)	(358)	(7,088)	(1,642)	(6,198)	(752)	(4,255)	1,191
30	CF(L)Co.	(1,873)	(1,699)	174	(1,343)	530	(1,394)	479	(1,532)	341	(1,384)	489
31	Non-regulated customer	0	0	0	0	0	0	0	0	0	0	0
32	Subtotal	(7,319)	(8,574)	(1,255)	(7,147)	173	(8,483)	(1,163)	(7,731)	(411)	(5,639)	1,680
33	<b>Total Other Costs</b>	58,445	68,694	10,249	74,872	16,427	71,896	13,451	71,401	12,956	72,976	14,531
34	<b>Writedown of Capital Assets</b>	0	0	0	0	0	0	0	0	0	0	0
35	<b>Interest</b>	100,326	89,212	(11,114)	90,564	(9,762)	86,588	(13,738)	---	---	---	---
36	<b>Margin</b>	30,190	14,156	(16,034)	2,020	(28,170)	13,532	(16,658)	---	---	---	---
37	<b>Return on Rate Base - Debt Component</b>	---	---	---	---	---	---	---	84,501	---	98,968	---
38	<b>Return on Rate Base - Equity Component</b>	---	---	---	---	---	---	---	7,482	---	14,462	---
39	<b>Total Return</b>	130,516	103,368	(27,148)	92,584	(37,932)	100,120	(30,396)	91,983	(38,533)	113,430	(17,086)
40	<b>Revenue Requirement</b>	257,251	242,096	(15,155)	247,106	(10,145)	251,681	(5,570)	268,277	11,026	329,358	72,107

**Notes:**

- (1) For 1997-2002, the proration among accounts for Lines 16-25 and Lines 29-30 is based on values reported on Hydro's revenue requirement filed in response to IC-9 NLH. For 2004, the proration is based on Hydro's revenue requirement filed as J. C. Roberts, Schedule II, 1st Revision.
- (2) Commencing with 2002, return on rate base replaces interest and margin allocations within the Cost of Service.
- (3) A 1998 Actual Cost of Service Study was not prepared.
- (4) The Forecast 2003 Cost of Service Study is not available at this time.