

1 Q. **Rate and other Impacts of the Settlement**

2 Please set out in detail indicating the corrections and updates the effect on
3 the test year revenue requirement and the effect on the forecast return on
4 rate base for the test year that can be attributed directly to reasons other
5 than the updating of forecasts and the correction of errors.

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8 A. The following are the changes in revenue requirement for reasons other than
9 the updating of forecasts and correction of errors (from Schedule A pages 3
10 and 4 from the revised filing).

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12 1. Salaries and Fringe Benefits

- 13 • \$250,000 - increase in capitalized salaries
14 • \$550,000 - settlement adjustment

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16 2. Insurance

- 17 • \$75,000 - settlement adjustment

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19 3. Professional Services

- 20 • \$250,000 - reduction in amortization of external GRA costs

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22 4. Travel Expenses

- 23 • \$125,000 - settlement adjustment

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25 5. Miscellaneous Expenses

- 26 • \$200,000 - deferral of DSM costs

1 6. No. 6 Fuel

- 2 • \$606,000 - a decrease in forecast system losses by 7.0 GWh

3
4 7. RSP

- 5 • (\$38,000) - no write-off of/to Labrador interconnected due to
6 change in treatment of hydraulic balance

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8 8. Depreciation and Loss on Disposal

- 9 • \$107,000 - related to 5% reduction in 2006 capital budget
10 • \$28,000 - related to 5% reduction in 2007 approved capital budget

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12 Total impact on test year revenue requirement attributable to reasons other
13 than the updating of forecasts and corrections of errors is a reduction of
14 \$2,153,000.