

**General**

**Q. Provide a copy of all policies and guidelines used to determine expenses included in the category of “General Expenses Capital”.**

A. On August 11, 1995 the Company requested that the Board approve a change in the basis of allocation of costs to General Expenses Capital (GEC) from the full cost method to the incremental cost method of allocation. The resulting Order No. P.U. 3 (1995-96), a copy of which is provided in Attachment A, sets forth the guidelines approved by the Board and used by the Company to determine expenses included in the GEC category.

Attachment B provides a copy of the schedule prepared in consultation with the Board’s auditors as a result of Order No. P.U. 3 (1995-96), which supported incremental GEC of approximately \$2.8 million annually.

The guidelines approved by the Board in Order No. P.U. 3 (1995-96) were confirmed in Order No. P.U. 36 (1998-99) when the Board wrote:

*“The Board agrees that there is no reason to revise or modify the accounting methodology regarding GEC and, therefore, concludes that its previous order adequately addresses the situation.”*

Attachment C provides a copy of pages 25 to 27 of Order No. P.U. 36 (1998-99).

The most recently received report of the Board of Commissioners of Public Utilities 1999 Annual Financial Review of Newfoundland Power Inc. states that:

*“Based upon the results of our review and assessment, we have determined that the Company is in compliance with Board Order P.U. 3 (1995-96) for 1999.”*

Attachment D provides a copy of page 13 of the Board of Commissioners of Public Utilities 1999 Annual Financial Review of Newfoundland Power Inc.