

IN THE MATTER OF the
Public Utilities Act, (the “Act”)

AND,

IN THE MATTER OF an Application by
Newfoundland Power Inc. for an Order pursuant to
Sections 41, 78 and 80 of the Act:

- (a) approving its 2005 Capital Budget of \$48,141,000; and
- (b) (i) fixing and determining its average rate base for 2003 in the amount of \$675,730,000;
(ii) approving its revised forecast average rate base for 2004 in the amount of \$713,072,000; and
(iii) approving its forecast average rate base for 2005 in the amount of \$740,142,000; and
- (c) approving revised values for rate base and invested capital for use in the automatic adjustment formula (the “Automatic Adjustment Formula”) for the calculation of return on rate base for 2004 pursuant to Order P.U. 19(2003).

INFORMATION REQUESTS

RATE BASE

PUB 35.0 (RE: Rate Base – Volume I, Schedule D)

PUB 35.1 Provide an explanation of the “Deferred Income taxes” as shown in Schedule D, and reconcile the same to the “Deferred Income Taxes” as shown in Table 6 of the “Report on Deferred Charges and Rate Base”.

PUB 36.0 (RE: Report on Deferred Charges and Rate Base – Volume I)

PUB 36.1 Provide an update on the status of the “Corporate Income Tax Deposit” of \$6,949,000 per page 5 of the Report on Deferred Charges, including the steps most recently taken by the company to resolve the matter.

PUB 36.2 As per footnote 1, p. 5 of the report, confirm that NP does not intend to review the reconciling items that constitute the difference between Rate Base and Invested Capital until its next General Rate Application (See: Board Order in PU 19 (2003) - NP to conduct such a review “**no later than** its next general rate application”, p.71).

PUB 37.0 (RE: Report on the Amortization of the Unfunded Pension Liability – Volume I)

PUB 37.1 Confirm that although under current Provincial pension legislation unfunded pension liabilities can be amortized over a period of 15 years, NP continues to use a 5 year period to amortize its unfunded pension liability.

- PUB 37.2 Confirm whether the company has filed “a report from its actuaries giving specific reasons for the amortization period recommended in the Mercer report, together with reasons mitigating against use of a longer amortization period”, per P.U. 35 (2003), p. 33, lines 27-29.
- PUB 37.3 Does the Company intend on calling a witness from Mercer Human Resource Consulting to speak to this issue?
- PUB 37.4 Has NP conducted an industry review to determine how other Canadian utilities account for unfunded pension liabilities.
- PUB 37.5 Provide full details, including financial rationales over various funding scenarios, which support the company’s position that liquidating the unfunded pension liability over a longer period than five (5) years:
- “...would have the effect of increasing the Company’s current revenue requirement and at least marginally jeopardizing the benefits in pension fund stability which full funding provides to the Company, its employees, and its customers.” (p. 4)
- PUB 37.6 Provide a working calculation to show the net benefit to consumers of deferring pension charges taking in to account the tax implications and inclusion of the deferred charges in the rate base.
- PUB 37.7 Assuming that the Company achieves its objective to fully fund the pension plan, explain what impact this will likely have on the Company’s revenue requirement and consequent rates for consumers.

ENERGY

- PUB 38.0 (RE: B- 10, Hydro Plants Facility Rehabilitation, Volume II, Energy Supply, Appendix I)**
- PUB 38.1 Further to the Board’s direction in P.U. 35 (2003), p. 11, confirm that the “normal production” figures provided for each plant are the “average annual actual hydro production” for each facility.
- PUB 38.2 Provide details concerning the 2008 forecast expenditure for Cape Broyle of \$1,098,000.
- PUB 38.3 Provide the NPV analysis, including working calculations, for the Heart’s Content Refurbishment project.
- PUB 38.4 Does the cost of work to be performed at “Lookout Brook” including the Upgrading of Protection and Controls (Volume II, Energy Supply, Appendix 1, p.5, paragraph (f)) and Projects < \$50,000 (Appendix 1, p. 7, paragraph (h)) exceed \$50,000 in total, and if so, why wouldn’t it be considered a separate “Project”.

PUB 39.0 (RE: B- 14, Rattling Brook, Volume II, Energy Supply, Appendix 3, Attachment A, Schedule D)

PUB 39.1 Confirm that the “estimated long term production” used to conduct the feasibility analysis (p. 2, Section 4.0 Benefits) is the same as “the average annual actual hydro production” for the plant.

TRANSMISSION

PUB 40.0 (RE: B-29, Rebuild Transmission Lines)

PUB 40.1 Provide the dollar amount of all “Transmission” assets currently in rate base together with the effective depreciation rate for the class.

PUB 40.2 Does the Company have a target a level of reliability, measured as SAIFI and SAIDI, for its Transmission lines?

PUB 40.3 Has the Company conducted any analysis of past Transmission related rebuilds to determine the effectiveness of the work performed in improving reliability?

CAPITAL EXPENDITURE REPORT – VARIANCES

PUB 41.0 (RE: 2004 Capital Expenditure Report, Volume I)

PUB 41.1 Explain why if “The alarms project was not originally included in the budget for 2004...” (Appendix A, p.1, Item 1) the Company did not seek approval from the Board prior to proceeding with the project.

PUB 41.2 Explain why if “several expenditure requirements...were not identified at the time the budget was developed.” the Company did not seek approval from the Board prior to proceeding with the project.

DATED at St. John’s, Newfoundland this 14th day of September, 2004.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per Original signed by
Cheryl Blundon
Board Secretary