

- 1 **Q. Please restate Exhibits 1 and 2 to also include 2014 Test Year and 2014 actual**
2 **information.**
3
- 4 A. Attachment A to the response to Request for Information NLH-NP-001 provides
5 Exhibit 1 revised to include 2014 test year and 2014 actual figures.
6
7 Attachment B to the response to Request for Information NLH-NP-001 provides
8 Exhibit 2 revised to include 2014 test year and 2014 actual figures.

**Newfoundland Power Inc.
2014 Test Year and 2014 to 2016 Forecast Returns**

Newfoundland Power Inc.
2014 Test Year and 2014 to 2016 Forecast Returns
(\$000s)

	<u>2014T</u>	<u>2014</u>	<u>2015F</u>	<u>2016F</u>
1 Revenue from Rates	612,140	619,504	628,914	637,733
2 Transfers from (to) the RSA	524	4,039	9,303	8,809
3	<u>612,664</u>	<u>623,543</u>	<u>638,217</u>	<u>646,542</u>
4				
5 Purchased Power Expense	399,198	404,550	415,010	424,735
6 Amortization of Weather Normalization Reserve	(2,335)	(2,335)	(2,335)	-
7 Demand Management Incentive Account Adjustments	-	628	413	-
8	<u>396,863</u>	<u>402,843</u>	<u>413,088</u>	<u>424,735</u>
9				
10 Contribution	<u>215,801</u>	<u>220,700</u>	<u>225,129</u>	<u>221,807</u>
11				
12 Other Revenue	<u>5,247</u>	<u>5,570</u>	<u>5,403</u>	<u>5,281</u>
13				
14 Other Expenses:				
15 Operating Expenses	55,406	56,927	56,943	59,735
16 Employee Future Benefit Costs	22,058	24,244	26,481	22,248
17 Amortizations of Deferred Cost Recoveries	3,990	3,990	3,989	-
18 Depreciation	48,291	49,288	52,170	55,104
19 Finance Charges	36,531	35,791	34,960	35,509
20	<u>166,276</u>	<u>170,240</u>	<u>174,543</u>	<u>172,596</u>
21				
22 Income Before Income Taxes	54,772	56,030	55,989	54,492
23 Income Taxes	16,056	16,201	15,997	15,696
24				
25 Net Income	38,716	39,829	39,992	38,796
26 Preferred Dividends	566	557	552	552
27				
28 Regulated Return on Common Equity	<u>38,150</u>	<u>39,272</u>	<u>39,440</u>	<u>38,244</u>
29				
30				
31 Rate of Return on Rate Base (percentage)	7.88%	7.83%	7.39%	7.06%
32 Regulated Return on Equity (percentage)	8.80%	9.15%	8.75%	8.08%

**Newfoundland Power Inc.
2016 Forecast Average Rate Base**

Newfoundland Power Inc.
2014 Test Year, 2014 to 2016 Forecast Average Rate Base
(\$000s)

	<u>2014T</u>	<u>2014</u>	<u>2015F</u>	<u>2016F</u>
1 Net Plant Investment				
2 Plant Investment	1,545,303	1,592,616	1,666,074	1,750,103
3 Accumulated Depreciation	(631,671)	(645,826)	(673,344)	(701,146)
4 Contributions in Aid of Construction	(34,281)	(33,701)	(35,213)	(36,630)
5	<u>879,351</u>	<u>913,089</u>	<u>957,517</u>	<u>1,012,327</u>
6				
7 Additions to Rate Base				
8 Deferred Pension Costs	107,093	103,939	98,520	91,248
9 Unamortized Credit Facility Costs	-	72	56	40
10 Cost Recovery Deferral - Seasonal/TOD Rates	89	68	72	73
11 Cost Recovery Deferral - Hearing Costs	417	322	-	-
12 Cost Recovery Deferral - Regulatory Amortizations	1,107	1,107	-	-
13 Cost Recovery Deferral - 2012 Cost of Capital	588	588	-	-
14 Cost Recovery Deferral - 2013 Revenue Shortfall	1,126	1,126	-	-
15 Cost Recovery Deferral - Conservation	4,990	4,937	7,854	9,926
16 2016 Deferred Cost Recovery	-	-	-	2,834
17 Customer Finance Programs	1,466	1,136	1,136	1,136
18 Weather Normalization Reserve	-	-	457	-
19	<u>116,876</u>	<u>113,295</u>	<u>108,095</u>	<u>105,257</u>
20				
21 Deductions from Rate Base				
22 Weather Normalization Reserve	1,673	1,640	-	-
23 Other Post Employment Benefits	29,901	32,435	39,298	46,013
24 Customer Security Deposits	830	660	700	700
25 Accrued Pension Obligation	4,627	4,635	4,996	5,375
26 Accumulated Deferred Income Taxes	(1,802)	2,529	1,405	1,289
27 Demand Management Incentive Account	-	446	293	-
28 Excess Earnings	-	48 ¹	48	48
29	<u>35,229</u>	<u>42,393</u>	<u>46,740</u>	<u>53,425</u>
30				
31 Year End Rate Base	960,998	983,991	1,018,872	1,064,159
32				
33 Average Rate Base Before Allowances	943,804	952,908	1,001,433	1,041,515
34				
35 Rate Base Allowances				
36 Materials and Supplies Allowance	5,247	5,619	5,905	6,081
37 Cash Working Capital Allowance	6,365	6,404	6,528	6,596
38				
39 Average Rate Base at Year End	<u>955,416</u>	<u>964,931</u>	<u>1,013,866</u>	<u>1,054,192</u>

¹ The inclusion of excess earnings differs from the 2014 calculation of average rate base as filed in Return 3 of Newfoundland Power's 2014 Annual Report to the Board. This results in an average difference of approximately \$24,000.