

- 1 **Q. Further to NLH-NP-008, please provide a revised Exhibit 1 showing the 2016**  
2 **forecast reflecting (i) a 0.15% decrease in the composite depreciation rate applied to**  
3 **Newfoundland Power's Property, Plant and Equipment and (ii) a 1% sales increase**  
4 **from forecast applied to all classes for 2016.**  
5
- 6 A. Attachment A provides a revised Exhibit 1 showing the 2016 forecast reflecting the  
7 impact of (i) a 0.15% decrease in the composite depreciation rate and (ii) a 1.0% increase  
8 in sales from forecast.

**Newfoundland Power Inc.  
2015 and 2016 Forecast Returns**

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**2015 and 2016 Forecast Returns**  
**(\$000s)**

	<u>2015</u>	<u>2016R</u>
1 Revenue from Rates	628,914	644,119
2 Transfers from (to) the RSA	9,303	10,678
3	<u>638,217</u>	<u>654,797</u>
4		
5 Purchased Power Expense	415,010	430,413
6 Amortization of Weather Normalization Reserve	(2,335)	-
7 Demand Management Incentive Account Adjustments	413	501
8	<u>413,088</u>	<u>430,914</u>
9		
10 Contribution	<u>225,129</u>	<u>223,883</u>
11		
12 Other Revenue	<u>5,403</u>	<u>5,281</u>
13		
14 Other Expenses:		
15 Operating Expenses	56,943	59,735 <sup>1</sup>
16 Employee Future Benefit Costs	26,481	22,248
17 Amortizations of Deferred Cost Recoveries	3,989	-
18 Depreciation	52,170	52,568
19 Finance Charges	34,960	35,496
20	<u>174,543</u>	<u>170,047</u>
21		
22 Income Before Income Taxes	55,989	59,117
23 Income Taxes	15,997	16,970
24		
25 Net Income	39,992	42,147
26 Preferred Dividends	552	552
27		
28 Regulated Return on Common Equity	<u>39,440</u>	<u>41,595</u>
29		
30		
31 Rate of Return on Rate Base (percentage)	7.39%	7.37%
32 Regulated Return on Equity (percentage)	8.75%	8.76%

<sup>1</sup> \$1,277,000 of the forecast \$2,792,000 increase in operating expenses in 2016 is attributable to year-over-year changes related to regulatory accounting for general expenses capitalized and cost deferrals/amortizations.