

1 **Q. Reference: Grant Thornton Report – page 25 – Table 14: Please explain why the**
 2 **Income before taxes figures presented here are all different than presented on page**
 3 **1 of Exhibit 3 of NP’s evidence, and recalculate the interest coverage ratios (showing**
 4 **all numbers used) as appropriate.**

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 7 A. As described in CA-PUB-01, Exhibit 3 (and also Exhibit 5) presents income before
 8 income tax figures after adjustment for non-regulated amounts and tax on cost of
 9 removal. The figures presented in Table 14 represent income before income taxes used
 10 for financial reporting purposes.

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 12 The following reconciliation provided by Newfoundland Power reconciles Table 14
 13 figures to those presented in Exhibit 3 (and Exhibit 5) of the GRA:

(000's)	2013	2014	Forecast 2015	Existing 2016	Proposed 2016	Existing 2017	Proposed 2017
Pre-tax income Exhibits 3 & 5	\$ 53,422	\$ 56,030	\$ 56,531	\$ 53,790	\$ 64,394	\$ 51,102	\$ 67,265
Non-regulated expenses	(2,043)	(2,801)	(2,612)	(2,989)	(2,989)	(3,225)	(3,225)
Tax on cost of removal	(4,336)	(4,594)	(4,864)	(5,100)	(5,289)	(5,336)	(5,542)
Pre-tax income - financial statements	<u>\$ 47,043</u>	<u>\$ 48,635</u>	<u>\$ 49,055</u>	<u>\$ 45,701</u>	<u>\$ 56,116</u>	<u>\$ 42,541</u>	<u>\$ 58,498</u>
Pre-tax income - financial statements	\$ 47,043	\$ 48,635	\$ 49,055	\$ 45,701	\$ 56,116	\$ 42,541	\$ 58,498
Income taxes	2,877	(10,795)	(10,589)	(9,525)	(12,433)	(8,622)	(13,128)
Net income	<u>\$ 49,920</u>	<u>\$ 37,840</u>	<u>\$ 38,466</u>	<u>\$ 36,176</u>	<u>\$ 43,683</u>	<u>\$ 33,919</u>	<u>\$ 45,370</u>