

**Volume 1, Section 3 – Finance**

**Q. (Section 3.7: Regulatory Deferrals and Reserves) Please provide a table that corresponds to Table 7 in NLH-8.0 NP, NLH 2006GRA - that is, adjustments to the weather normalization account and the rate stabilization account as a percentage of return on equity – for each year from 1986 to the present, along with any appropriate commentary.**

**A.** Table 1 shows adjustments to the Weather Normalization Account and the Rate Stabilization Account as a percentage of return on equity for the period 1986 to 2006. The Table shows that the total adjustments expressed as a percentage of return on equity varied from (11.2%) to 11.6% and the average for the period was 1.1%.

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**Table 1**  
**Adjustments to the**  
**Weather Normalization Account and**  
**the Rate Stabilization Account**  
**as a Percentage of Return on Equity**  
**(\$000's)**

<b>Year</b>	<b>WNR<sup>1</sup></b>	<b>RSA<sup>2</sup></b>	<b>Total Adjustments</b>	<b>Return On Equity</b>	<b>Percentage of Return on Equity<sup>3</sup></b>
1986	(245)	(1,672)	(1,917)	17,046	(11.2%)
1987	59	(930)	(871)	17,695	(4.9%)
1988	360	(518)	(158)	19,548	(0.8%)
1989	152	157	309	21,897	1.4%
1990	(817)	1,323	506	23,775	2.1%
1991	(395)	(4)	(399)	25,483	(1.6%)
1992	(741)	(365)	1,106	27,731	(4.0%)
1993	(1,371)	(112)	(1,483)	27,702	(5.4%)
1994	91	240	331	27,090	1.2%
1995	(142)	(403)	(545)	27,638	(2.0%)
1996	363	(380)	(17)	25,144	(0.1%)
1997	8	(211)	(203)	24,931	(0.8%)
1998	893	486	1,379	21,571	6.4%
1999	1,389	170	1,559	22,858	6.8%
2000	1,141	(328)	813	26,473	3.1%
2001	24	(215)	945	28,862	3.3%
2002	838	589	1,608	28,807	5.6%
2003	(99)	280	887	29,460	3.0%
2004	1,380	1,051	2,218	31,122	7.1%
2005	1,450	(173)	577	30,729	1.9%
2006	2,728	752	3,480	30,078	11.6%
<b>Average</b>					<b>1.1%</b>

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<sup>1</sup> Taken from CA-NP-139, Table 3. WNR is the Weather Normalization Reserve. A positive number indicates an increase in the amount due from customers.

<sup>2</sup> Taken from CA-NP-140, Table 2. RSA is the Rate Stabilization Account. A positive adjustment indicates an increase in the amount to be collected from customers on July 1 of the following year.

<sup>3</sup> Is calculated as total adjustments divided by the return on equity.