

Q. Leaving aside the forecasted costs of Conservation for 2009 F and 2010 of \$2,451,000 and \$2,977,000 respectively (according to Table 2-7) and excluding pension costs, deferred costs and General Expenses Capitalized, in tabular format please provide data from 2004 through 2010 showing the percentage change in operating costs in actual and constant dollars, the rate of inflation and the number of customers served by NP. Then please provide the same including forecasted conservation costs for 2009 to 2010.

A. Table 1 provides the data requested. Operating costs are adjusted to exclude conservation costs, pension costs, deferred costs and transfers to General Expenses Capitalized.

Table 1

	2004	2005	2006	2007	2008	2009F	2010F
Operating Cost ¹ (\$000's)	47,615	47,703	46,923	48,104	47,146	50,990	52,758
Less: Conservation Cost (\$000's)						2,451	2,977
Adjusted Cost (\$000's)	47,615	47,703	46,923	48,104	47,146	48,539	49,781
Change relative to 2004 (%)	-	0.2	(1.5)	1.0	(1.0)	1.9	4.5
2004\$ (\$000's)	47,615	46,494	44,902	45,381	43,253	44,287	44,210
Change relative to 2004 (%)	-	(2.4)	(5.7)	(4.7)	(9.2)	(7.0)	(7.2)
Annual Inflation ² (%)	-	2.6	1.9	1.4	2.8	0.6	2.7
Cumulative relative to 2004 (%)	-	2.6	4.5	6.0	9.0	9.6	12.6
Customers	224,464	227,301	229,500	232,262	235,778	238,901	241,431
Change relative to 2004 (%)	-	1.3	2.2	3.5	5.0	6.4	7.6

¹ Operating Costs for 2007 through 2010 as per line 25 of Exhibit 1 to the Company Evidence. Non-regulated expenses are excluded.

² Inflation as reported by the Conference Board of Canada, Provincial Medium Term Forecast, April 21, 2009.

Table 2 provides the data requested. Operating costs are adjusted to exclude pension costs, deferred costs and transfers to General Expenses Capitalized.

Table 2

	2004	2005	2006	2007	2008	2009F	2010F
Operating Cost ³ (\$000's)	47,615	47,703	46,923	48,104	47,146	50,990	52,758
Change relative to 2004 (%)	-	0.2	(1.5)	1.0	(1.0)	7.1	10.8
2004\$ (\$000's)	47,615	46,494	44,902	45,381	43,253	46,524	46,854
Change relative to 2004 (%)	-	(2.4)	(5.7)	(4.7)	(9.2)	(2.3)	(1.6)
Annual Inflation ⁴ (%)	-	2.6	1.9	1.4	2.8	0.6	2.7
Cumulative relative to 2004 (%)	-	2.6	4.5	6.0	9.0	9.6	12.6
Customers	224,464	227,301	229,500	232,262	235,778	238,901	241,431
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