

1 **Q. In NP's last GRA, NP filed Exhibit 2 (1st Revision) on October 11, 2007 which**
2 **provided "Operating Costs by Breakdown". Please confirm that the Company's**
3 **October 11, 2007 forecast for Test Year 2008 Operating Costs was \$49,383,000,**
4 **while its actual 2008 Operating Costs (as shown at Exhibit 2 of the current**
5 **application) were \$47,146,000, \$2.23 million less than forecast.**
6

7 A. The Company's October 11th, 2007 forecast for Test Year 2008, which was filed as
8 Exhibit 2 (1st Revision) in 2008 General Rate Application, shows operating expenditure
9 (prior to certain regulatory items) as \$49,383,000. This includes non-regulated costs.
10 Forecast non-regulated costs in the 2008 General Rate Application were \$1,501,000.¹
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12 As stated in *A Note on Financial Presentation* at the beginning of *Volume 1: Application*
13 *and Company Evidence*, Newfoundland Power has excluded non-regulated costs in the
14 presentation of both actual and forecast operating costs in the 2010 General Rate
15 Application. As a result, the actual 2008 operating costs of \$47,146,000 shown in
16 Exhibit 2 in the 2010 General Rate Application excludes 2008 non-regulated costs.
17 Actual non-regulated costs in 2008 were \$1,584,000.
18

19 Excluding non-regulated costs, actual 2008 operating costs were \$736,000 less than
20 forecast 2008 operating costs (\$47,882,000 - \$47,146,000 = \$736,000).

¹ See *Board of Commissioners of Public Utilities Financial Consultants Report: Newfoundland Power Inc. 2008 General Rate Application Hearing*, Grant Thornton LLP, July 27, 2007, p.46. Test Year 2008 operating costs excluding non-regulated costs were \$47,882,000 (\$49,383,000 - \$1,501,000 = \$47,882,000)