

1 **Q. Please confirm that the Company's 2008 test year actual operating costs were**
2 **significantly lower than forecast at Newfoundland Power's 2007 (sic) GRA.**

3
4 A. The Company's October 11th, 2007 forecast for Test Year 2008, which was filed as
5 Exhibit 2 (1st revision) in Newfoundland Power's 2008 General Rate Application, shows
6 operating expenditure (prior to certain regulatory items) as \$49,383,000. This figure
7 includes non-regulated costs. Forecast non-regulated costs in the 2008 General Rate
8 Application were \$1,501,000.¹

9
10 As stated in *A Note on Financial Presentation* at the beginning of *Volume 1: Application*
11 *and Company Evidence, 2010 GRA*, Newfoundland Power excluded non-regulated costs
12 in the presentation of both actual and forecast operating costs in the 2010 General Rate
13 Application. As a result, the actual 2008 operating costs of \$47,146,000 shown in
14 Exhibit 2 in the 2010 General Rate Application excludes 2008 non-regulated costs.
15 Actual non-regulated costs in 2008 were \$1,584,000.

16
17 Excluding non-regulated costs, actual 2008 operating costs were \$736,000 less than the
18 2008 operating costs forecast in the Company's 2008 General Rate Application
19 (\$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).