

Q. Further to the reply to CA-NP 165, it is indicated that data for the US peer group and for NP are adjusted for inflation and put into 2009\$ (in the 2011 report) and 2010\$ (in the 2012 report). Please explain how this is done and provide an example.

A. Monetary figures in Newfoundland Power's peer group performance measures reports are adjusted for inflation using the Consumer Price Index ("CPI").

Newfoundland Power's data is converted to current year data using the CPI for Newfoundland and Labrador;¹ the American data is converted using the CPI for the United States.²

Table 1 provides an example of the conversion to 2010 dollars using the Distribution O & M per MWh Retail Sales data from Newfoundland Power's peer group performance measures report dated February 6, 2012.³

Table 1
Distribution O & M per MWh Retail Sales
Adjustment to 2010\$

Year	US Peer Group	Newfoundland Power	US Escalation	NP Escalation	US Peer Group Adjusted	Newfoundland Power Adjusted
2001	3.65	3.18	0.81218	0.83240	4.50	3.82
2002	3.66	3.18	0.82502	0.85484	4.43	3.72
2003	4.04	2.87	0.84382	0.87861	4.79	3.26
2004	3.69	2.87	0.86629	0.89643	4.26	3.21
2005	3.91	2.95	0.89564	0.93039	4.37	3.17
2006	4.26	3.06	0.92453	0.93124	4.61	3.28
2007	4.08	3.03	0.95087	0.94312	4.29	3.21
2008	4.83	2.93	0.98737	0.98642	4.90	2.97
2009	5.11	2.83	0.98386	0.97793	5.19	2.89
2010	5.63	3.35	1.00000	1.00000	5.63	3.35

The adjustment is calculated by dividing the actual dollar amount by the applicable escalation factor.

¹ Statistics Canada, all-items Consumer Price Index.

² U.S. Bureau of Labour Statistics, Consumer Price Index for All Urban Consumers.

³ See page B-3, Appendix B, *Peer Group Performance Measures for Newfoundland Power, February 6, 2012* provided in Attachment A to the response to Request for Information CA-NP-165.