

1 Q. **Section H - Capital Expenditures 2007-2016**

2 The past four years actual forecast capital expenditures are listed in Section H and
 3 range from \$35.7 million in 2007 to \$67.3 million in 2011. The forecast capital for
 4 the five year period 2012-2017 are also listed in Section H and are forecast to be:

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	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	\$87,862,000	\$121,369,000	\$151,686,000	\$155,237,000	\$146,973,000

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9 Using the rate of return on rate base and the operating expenses for the last test
 10 year (2007), and setting out any other reasonable assumptions, please calculate the
 11 impact on the revenue requirement for each of the upcoming five years that can be
 12 attributed directly to the forecast capital expenditures for that period.

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15 A. Table 1 provides *pro forma* estimates of the annual revenue requirement impacts
 16 associated with Hydro's five-year projected capital spending of approximately \$663
 17 million for the period 2012 to 2016.

Table 1
Pro Forma Revenue Requirement
2012-2016
(\$000's)

Year	Revenue Requirement
2012	\$5,732
2013	\$17,486
2014	\$30,119
2015	\$42,073
2016	\$62,730

1 The *pro forma* impacts include depreciation expense and return on debt and equity.
2 Depreciation was calculated using the useful lives of the applicable functional asset
3 group. Return on debt and equity was based on 2007 Test Year rates.
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5 The spending between 2012 and 2016 related to the Bay d’Espoir to Western
6 Avalon transmission corridor of \$209,376,000 was added to plant in service in 2016.
7 All other assets were assumed to go into plant in service in the current year. Half
8 year treatment was applied to current year net plant additions.