

1 Q. **Volume I, Tab H: Capital Expenditures 2009 – 2018:** The actual Capital  
2 Expenditures for the past four years have ranged from \$54.15 million in 2009 to  
3 \$77.25 million in 2012. The forecast Capital Expenditures for the period from 2013  
4 to 2018 are set out as follows:

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$115,702	\$151,449	\$209,008	\$164,201	\$144,555	\$140,441

7 Using the same base information provided in RFI PUB-NLH-33 and averaging the  
8 capital expenditures forecast for 2013 to 2018 to provide a constant Capital Budget  
9 for each of those years, please calculate the impact on the revenue requirement for  
10 each of those years that can be attributed directly to the forecast capital  
11 expenditures for that year.

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14 A. The Table below provides the *pro forma* revenue requirement impacts for 2013 to  
15 2018 that can be directly attributable to the average of the forecast capital  
16 expenditures for that period. Based on 2007 Test Year assumptions, return on  
17 equity was not calculated on rural assets. Please refer to PUB-NLH-35 Attachment 1  
18 for the supporting calculations.

**Table 1**  
***Pro Forma* Revenue Requirement**  
**2013-2018**  
**(\$000's)**

<b>Year</b>	<b>Revenue Requirement</b>
2013	8,631
2014	23,676
2015	37,201
2016	49,900
2017	60,917
2018	81,527

**Newfoundland and Labrador Hydro**  
**2014 Capital Budget Application**  
**PUB-NLH-35 Back up calculations (\$000's)**

**PUB-NLH-35**  
**Attachment 1, Page 1 of 1**  
**NLH 2014 CBA**

Line No	A	B	C	D	E	F	G	Comments
	Total	2013	2014	2015	2016	2017	2018	
1 Forecast Capital Expenditures	925,356	154,226	154,226	154,226	154,226	154,226	154,226	2014 CBA, Volume 1, Tab H
2 Transmission line corridor - In service date 2018			(6,371)	(74,626)	(62,602)	(60,759)	204,358	
3 Gas Turbine Holyrood - In service date 2015			(46,410)	46,410				
4 Net Plant in Service	925,356	154,226	101,445	126,010	91,624	93,467	358,584	
<b>Rural Plant</b>								
<u>Forecast Rural Systems Capital Expenditures</u>								
5 Distribution		(16,377)	(16,377)	(16,377)	(16,377)	(16,377)	(16,377)	
6 Diesel Plants		(11,920)	(11,920)	(11,920)	(11,920)	(11,920)	(11,920)	
<u>Rural Portion of General Plant</u>								
Forecast General Properties Capital Expenditures								
7 Information Systems		2,186	2,186	2,186	2,186	2,186	2,186	
8 Telecontrol		3,307	3,307	3,307	3,307	3,307	3,307	
9 Transportation		2,796	2,796	2,796	2,796	2,796	2,796	
10 Administrative		917	917	917	917	917	917	
11 Total General Properties		9,206	9,206	9,206	9,206	9,206	9,206	
12 Rural Estimate		28%	28%	28%	28%	28%	28%	2007 Test Year Ratio
13 Rural Portion of General Plant		(2,578)	(2,578)	(2,578)	(2,578)	(2,578)	(2,578)	Line 11 x Line 12
14 <b>Total Rural Plant</b>		(30,874)	(30,874)	(30,874)	(30,874)	(30,874)	(30,874)	Lines 5, 6 and 13
15 <b>Net Plant in Service for Equity Return</b>		123,352	70,571	95,136	60,750	62,593	327,710	Line 4 + Line 14
16 Annual Depreciation Expense Estimate		6,070	6,070	6,070	6,070	6,070	6,070	
17 Current year Depreciation Expense Estimate		3,035	9,105	15,175	21,245	27,315	33,385	Line 16 from prior years plus one-half Line 16 for current year
18 <b>Net Book Value for Forecast Capital Expenditures</b>		151,191	92,340	110,835	70,379	66,152	325,199	Line 4 - Line 17
19 <b>Average Change to Rate Base for Debt return</b>		75,595	197,361	298,949	389,555	457,821	653,496	Line 18 from prior years plus one-half Line 18 for current year Line 14 from prior years plus one-half Line 14 for current year
20 Less: Average Rural Plant		(15,437)	(46,311)	(77,185)	(108,059)	(138,933)	(169,807)	Depreciation impacts considered immaterial
21 <b>Average Change to Rate Base for Equity return</b>		60,159	151,050	221,764	281,497	318,888	483,689	
22 Return on Rate Base - Debt Component		6.905%	6.905%	6.905%	6.905%	6.905%	6.905%	2007 Test Year
23 Return on Rate Base - Equity Component		0.625%	0.625%	0.625%	0.625%	0.625%	0.625%	2007 Test Year
<b>Revenue Requirement Impacts</b>								
24 Return on Debt	143,116	5,220	13,627	20,641	26,897	31,610	45,121	Line 19 x Line 22
25 Return on Equity	9,476	376	944	1,385	1,758	1,992	3,021	Line 21 x Line 23
26 Annual Depreciation Expense Estimate	109,261	3,035	9,105	15,175	21,245	27,315	33,385	Line 17
27 <b>Total Revenue Requirement Impacts</b>	<b>261,853</b>	<b>8,631</b>	<b>23,676</b>	<b>37,201</b>	<b>49,900</b>	<b>60,917</b>	<b>81,527</b>	Lines 24 to 26