

1 **Q. Please provide a detailed calculation of the application of NP capitalized overheads**
2 **methodology to the Rattling Brook refurbishment project, showing the quantum of**
3 **capitalized overhead contained in each line item making up the \$18,820,000 total**
4 **costs for 2007 shown in Table 2 at page 11 of the Rattling Brook Hydro Plant**
5 **Refurbishment of the NP 2007 Capital Budget Application.**
6

7 A. Newfoundland Power has not budgeted general expenses capitalized (“GEC”) specific to
8 the Rattling Brook refurbishment project. This is consistent with Order No. P.U. 3
9 (1995-1996) which governs the capitalization of overheads.
10

11 The 2007 budget for GEC is \$2,800,000 and represents an estimate of general expenses
12 not attributable to any specific capital project but which are expected to be incurred on a
13 *corporate-wide* basis. Approximately \$700,000 is expected to be incurred by
14 technical/engineering staff that perform work of a capital nature that is not attributable to
15 a specific capital project. Approximately \$2,100,000 is expected to be attributable to
16 non-construction operating departments (i.e., finance, human resources, etc.) based upon
17 pre-determined percentage allocations.
18

19 Please refer to the Response to Request for Information CA-20.0 NP.