

1 **Q. Please explain the source and relevance of the 2005 Unbilled Revenue figure of**  
2 **“approximately \$23.6 million (the ‘2005 Unbilled Revenue’)” that appears in the NP**  
3 **2007 Application at page 2, line 21.**  
4

5 A. The 2005 Unbilled Revenue of \$23.6 million is the unbilled revenue used for financial  
6 and regulatory reporting purposes as at December 31, 2005. The \$23.6 million is based  
7 on *normal weather* consistent with Order No. P.U. 1 (1974). This Order requires  
8 Newfoundland Power to maintain a Weather Normalization Reserve to normalize its  
9 revenue and purchased power costs for the effects of abnormal weather conditions.

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11 The 2005 Unbilled Revenue of \$22.5 million referenced in the Response to Request for  
12 Information CA-2.0 NP is the *actual* 2005 Unbilled Revenue that is used for income tax  
13 purposes. Newfoundland Power is required under the *Income Tax Act (Canada)* to pay  
14 taxes based upon actual revenues.