

Volume 1, Section 2 – Customer Operations

Q. Please provide the actual versus budgeted capital expenditures for the years 2004 to 2007 expressed in both dollar amounts and by percentage.

A. Table 1 provides Newfoundland Power’s actual and budgeted capital expenditures, and the difference expressed as a dollar variance and a percentage, for the period 2004 to 2007F.

**Table 1
Capital Expenditure
Budget and Actual
(000)**

Year	Budget	Actual	Variance	%
2004	\$52,309	\$57,761	\$5,452	110%
2005	\$49,151	\$52,980	\$3,829	108%
2006	\$52,220	\$58,629	\$6,409	112%
2007F	\$62,851	\$66,309	\$3,458	106%

Customer growth for each of the years identified in Table 1 is in excess of what was originally forecast by Newfoundland Power. The largest variances can be attributed to recent high demand for electricity service to cottage areas. Table 2 shows the variance from budgeted expenditures over the period resulting from factors other than customer growth.

**Table 2
Capital Expenditure Variance
Impact of Customer Growth
(000)**

Year	Budget	Gross Variance	Customer Growth ¹	Adjusted Variance	Adjusted Variance %
2004	\$52,309	\$5,452	\$4,376	\$1,076	102%
2005	\$49,151	\$3,829	\$2,687	\$1,142	102%
2006	\$52,220	\$6,409	\$4,251	\$2,158	104%
2007F	\$62,851	\$3,458	\$1,265	\$2,193	103%

¹ Annual capital expenditure reports to the Board for the period 2004 to 2006 have provided an analysis of the impact of customer growth on distribution capital expenditures for the reporting year.