

Requests for Information

Volume 1, Section 3 – Finance

Q. (Section 3.4: Rate Base and Exhibit 8: 2008 Forecast Average Rate Base)

- a. Please provide a four-way breakdown (in \$millions and percentages of total) of the Company's average total regulated rate base assets, for 2006, and forecasted for 2007 and 2008, into electricity generation, transmission, distribution, and other assets.
- b. Does the Company expect the proportional composition of its regulated rate base assets, as revealed in answer to (a), to change in any significant way over the next (i) 5 years and (ii) 20 years?

A. (a) Table 1 contains a breakdown of total average regulated rate base assets included in average rate base for the period 2006 to 2008 forecast.

Table 1
Average Regulated Assets Included in Rate Base
2006 to 2008
(\$000s)

	2006		2007		2008	
	Actual	%	Forecast	%	Forecast	%
Generation	135,629	11%	147,457	12%	159,747	13%
Transmission	90,629	8%	94,131	7%	98,100	8%
Distribution	687,892	59%	709,278	59%	729,227 ¹	58%
Substations	128,120	11%	127,107	11%	130,422	10%
Other	125,348	11%	130,936	11%	132,537	11%
Total²	1,167,618		1,208,909		1,250,033	

(b) In its annual capital budget filings, Newfoundland Power submits a five year capital budget plan. A review of the five year capital budget plan submitted with the 2008 Capital Budget Application shows that for the period 2008 to 2012, the composition of regulated assets is similar to that as shown in Table 1. Newfoundland Power does not have a detailed analysis of asset composition beyond 2012, however, it is not expected that under the current circumstances, that the composition of assets will materially differ than that found in Table 1.

¹ The \$49,000 adjustment for the capitalized portion of OPEBs has been removed from plant investment. This adjustment was originally included in the Application to reflect the adoption of the accrual method of accounting for OPEBs.

² The numbers shown in Table 1 are net of construction work in progress. Construction work in progress is not included in the calculation of average rate base. The Company proposes to recover the financing costs associated with work in progress through the calculation and inclusion of AFUDC in rate base.