

1 **Volume 1, Section 2 – Customer Operations**  
2

3 **Q. (page 12, line 13) “Newfoundland Power’s operating costs associated with serving a**  
4 **customer have decreased by approximately \$34, or 15 percent, from 2002 to 2008 F**  
5 **on an inflation adjusted basis and approximately \$9, or 4 percent, on an actual**  
6 **dollar basis.” Please explain what is meant by “operating costs associated with**  
7 **servicing a customer.” Are there any operating costs not associated with servicing a**  
8 **customer?**  
9

10 **A.** For the purpose of presenting the operating cost per customer, Newfoundland Power  
11 removes pensions and early retirement programs, shown on line 21 of Exhibit 1, from the  
12 calculation. The expenses included in the calculation are considered to be controllable,  
13 or within the direct control of the Company.  
14

15 The exclusion of pension and early retirement costs provides for a consistent basis for the  
16 long-term comparison of the operating cost per customer.