# 1998 Dominion Bond Rating Service (DBRS) Report

# Newfoundland Light & Power Co. Limited

Current Report: March 17, 1998
Previous Report: January 8, 1996

## RATING

| *Rating* | *Trend* | *Rating Action* | *Debt Rated* |
|---|---|---|---|
| "A" | Stable | Confirmed | First Mortgage Bonds |
| Pfd-2 | Stable | Confirmed | First Preference Shares |

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| **RATING HISTORY** (as at December 31) | *Current* | *1997* | *1996* | *1995* | *1994* | *1993* | *1992* | *1991* |
|---|---|---|---|---|---|---|---|---|
| First Mortgage Bonds | A | A | A (high) | A (high) | A (high) | A (high) | A (high) | A (high) |
| First Preference Shares | Pfd-2 | Pfd-2 | Pfd-2 | Pfd-2 | Pfd-2 | Pfd-2 | Pfd-2 | - |

## RATING UPDATE

The approved ROE remained unchanged in 1997, leaving earnings relatively flat compared to the previous year. Given the decline in interest rates since the last regulatory hearing in 1996, there is a possibility that Regulators may decide that a rate review is warranted. Any reduction in the ROE would negatively impact earnings in 1998. Earnings are also strongly influenced by what has historically been a relatively weak regional economy. The Provincial economic outlook appears more promising, however, and should benefit from ongoing resource exploration and development, in addition to the associated spill over effects. Given the regulated nature of the industry, little change is expected in balance sheet strength, although coverage ratios could weaken over the short term as debt increases to finance a new $10 million 6.5Mw hydro plant. The geographic isolation of the island and the current lack of a more economical source of energy such as natural gas, should limit competitive pressures and the impact from the trend towards industry deregulation.

## RATING CONSIDERATIONS

*Strengths*:

- Power purchase costs are passed on to customers.
- Geographic isolation limits competitive pressures.
- Relatively strong balance sheet, 45% deemed equity.
- Weather variance account reduces earnings volatility.
- Low fixed costs enable Utility to weather economic downturns and reduce earnings volatility.

*Challenges*:

- ROEs sensitive to interest rates.
- Relatively weak Provincial economy, but expected to improve over longer term.
- Low oil prices contribute to competitive conditions in home heating market (54% of revenues).
- Rate increases reduce competitive gap relative to oil.

## FINANCIAL INFORMATION

For years ended December 31st

| | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
|---|---|---|---|---|---|---|---|---|
| Net Interest Coverage | 2.72 | 2.82 | 2.79 | 3.03 | 3.07 | 3.04 | 2.90 | 2.78 |
| Cash Flow/Total Debt (times) | 0.19 | 0.19 | 0.22 | 0.24 | 0.25 | 0.24 | 0.25 | 0.25 |
| Cash Flow-Divid/Capital Expend (times) | 0.85 | 0.55 | 1.20 | 0.69 | 1.16 | 0.93 | 0.85 | 0.51 |
| Net Debt in Capital Structure | 53.2% | 52.5% | 50.3% | 49.4% | 48.1% | 48.6% | 48.7% | 48.6% |
| Deemed Common Equity | 45% | 45% | 45% | 45% | 145% | 245% | 345% | 445% |
| Approved ROE | * | 11.00% | 13.25% | 13.25% | 13.25% | 13.25% | 13.25% | 13.95% |
| Operating Income ($ millions) | 68.6 | 68.4 | 64.1 | 70.5 | 70.3 | 67.0 | 64.2 | 60.4 |
| Net Income (before extras.) ($ millions) | 25.6 | 25.8 | 28.2 | 27.8 | 29.2 | 29.6 | 27.8 | 26.2 |
| Operating Cash Flows ($ millions) | 50.5 | 49.9 | 55.4 | 55.0 | 57.5 | 55.1 | 53.7 | 51.1 |
| Electricity Sales - GWh sold | 4,438 | 4,425 | 4,382 | 4,371 | 4,286 | 4,244 | 4,196 | 4,174 |
| - growth | 0.3% | 1.0% | 0.3% | 2.0% | 1.0% | 1.1% | 0.5% | 5.4% |
| Average Electricity Revenues (cents/kWh sold) | 7.68 | 7.64 | 7.65 | 7.65 | 7.68 | 7.67 | 7.51 | 7.24 |
| Variable Costs (cents/kWh sold) | 6.00 | 6.00 | 5.91 | 5.94 | 5.95 | 5.96 | 5.85 | 5.66 |
| Fixed Costs (cents/kWh sold) | 1.17 | 1.14 | 1.18 | 1.17 | 1.15 | 1.12 | 1.10 | 1.06 |
| Purchased Power (cents/kWh purch) | 4.72 | 4.78 | 4.80 | 4.74 | 4.79 | 4.61 | 4.59 | 4.45 |
| Net Margin* (cents/kWh sold) | 0.51 | 0.50 | 0.56 | 0.54 | 0.57 | 0.58 | 0.56 | 0.51 |

* Excluding earnings from ancillary businesses.

## COMPANY

Newfoundland Light & Power Co. Limited (NLP) distributes electricity throughout the island of Newfoundland. The Utility purchases the bulk of its electricity needs from government owned Newfoundland and Labrador Hydro and generates the balance from owned facilities. Newfoundland Light & Power is a wholly owned subsidiary of Fortis Inc.

## Regulation

NLP is regulated by the Board of Commissioners of Public Utilities for Newfoundland ("PUB"), based on a cost of service methodology. In 1996 the PUB set NLP's approved rate of return on common equity at 11% for 1996 and 1997. A decision on whether a review is warranted to reset the approved ROE, as well as deal with other unresolved regulatory matters, is expected in the spring of 1998. Given the continued decline in interest rates, there is a possibility that the approved ROE may be lowered. The Utility's deemed equity component remains at 5% (40-45% common, 3-6% preferred). It is this capital structure which gives NLP a comparatively strong balance sheet and favourable interest coverage ratios.

## Rating Considerations

*Strengths:* (1) Newfoundland Light & Power (NLP) is permitted by the PUB to pass on any increase in power costs from Newfoundland and Labrador Hydro (N&L Hydro) to the consumer.
(2) Geographic isolation of the franchise region limits competitive pressures.
(3) NLP has one of the strongest balance sheets in the industry. Parent Fortis Inc. could potentially provide financial support should the need arise. Debt maturities are well staggered with no repayments required until 2005.
(4) The Utility is allowed to maintain a weather normalization account to adjust for variances in temperature and hydro electric power availability against long term averages. Although the ultimate impact is small (less than 1.5% of revenues), it provides NLP with a mechanism to stabilize earnings, particularly during periods of extreme weather conditions.
(5) As the Utility generates very little of its power requirements, fixed costs are very low. NLP, thus, has considerable flexibility in weathering a weak economic environment.
(6) NLP's service area covers the more densely populated areas of the island, consisting of a 60%/40% split between residential and commercial/small industrial accounts. N&L Hyrdro services the more costly, and remote rural customers in addition to large industrial accounts.

*Challenges:* (1) NLP's earnings outlook is strongly influenced by the provincial economic outlook. Growth in kWh generated and sold over the last 6 years is amongst the lowest of all Canadian utilities and received a considerable boost from the Hibernia construction activity, which peaked in 1995. Over the short term, completion of the construction phase of Hibernia, public sector restraint, changes in the Employment Insurance program and emigration will all contribute to relatively low economic growth. Over the longer term, the provincial economic outlook is more positive, given the commencement of Hibernia oil production, the development of the Terra Nova and White Rose oil fields and the proposed development of the Lower Churchill Falls hydro facility. In addition, there are associated spill-over effects such as the opening of an antimony mine, a transshipment oil facility, and the Voisey's Bay smelter.
(2) Approved ROEs are sensitive to interest rates.
(3) Declines in the price of oil contribute to competitive market conditions. Revenues have been under some pressure in the space and water heating markets during the past few years, as oil prices declined (roughly 54% of total sales). New home penetration with electricity heating has dropped marginally to 73%, but the incident reflects the competitive pressures that are beginning as the electric industry moves towards deregulation.
(4) Power costs from N&L Hydro are based on a blended rate produced from a mix of roughly 75% hydro and 25% thermal generated power. Rate increases, although not a cost consideration to NLP since it is permitted to pass on the increase, are a concern from a market share perspective, as increases in electricity rates could reduce the competitive gap relative to oil in the home heating market.
(5) In 1995, Revenue Canada issued a Notice of Reassessment disallowing certain deductions made by NLP for tax purposes. The Utility is faced with a potential $20 million liability, but has recourse to recover the costs through an application to the PUB.
(6) The Utility has a $3.6 million unfunded pension (actuarial) liability, which although small, may have to be addressed in the future.

## Earnings

The approved ROE for 1997 remained unchanged at 11% and net earnings before preferred dividends were relatively flat compared to the previous year. Lost electricity sales, in terms of GWhs, due to the completion of Hibernia's construction phase and the closure of a mining operation in the Utility's franchise region, were largely offset by stronger sales to the recovering fishery industry and a 1% increase in the customer base. Cost control efforts continue, and excluding $3.7 million in severance costs, OM&A declined by 1.6% or $0.9 million, leading to an improvement in profit margins and operating efficiency ratios. Earnings, however, were negatively impacted by higher interest expenses, as lower coupon short term debt was replaced by a higher coupon $40 million bond issue during 1996.

***Outlook:*** The Utility's earnings outlook is influenced by the region's economic growth. Although the ongoing fishing moratorium remains a material constraint, the Provincial economic outlook appears more promising and should benefit from ongoing resource exploration and development, in addition to the associated spill-over effects. These positives will likely be partially offset by any potential reduction in the approved ROE. Tax obligations are expected to increase as the Utility's deferred tax credits will be drawn down by mid 1998, but this increased expense could be recovered in rates if approved by the PUB. This would result in an increase in operating income and an improvement in coverage ratios.

## FINANCIAL PROFILE

The Utility's capital structure is determined by an allowed deemed equity component of 45%. Special dividend payments are made from time to time in order to maintain the common equity component within allowable limits. Given the regulated nature of the industry, little change is expected in balance sheet strength, in spite of a $10 million increase in capital expenditures (to $40 million in 1998) that is required to construct a 6.5 Mw hydro facility. The project, which is expected to come on-line by the end of 1998, will initially be funded through bank operating lines of credit and eventually refinanced with long term debt. Coverage ratios (before capitalized interest) have declined somewhat from a 1993 peak of 3.1x to a current level of 2.7x as a result of higher debt levels and slightly weaker earnings, and could weaken further during 1998 until the new facility begins to generate earnings. Ratios, however, remain favourable compared to other investor owned utilities.

## BANK OPERATING LINES OF CREDIT

Amounts - $285 million of uncommitted bank operating lines of credit.

## DEBT MATURITIES

There are no debt maturities prior to 2005, although sinking fund requirements amount to $2.55 million annually in each of the next five years.

# Newfoundland Light & Power Co. Limited

**Balance Sheet**
($ millions)

| Assets: | 1997 | 1996 | 1995 | Liabilities & Equity: | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|---|---|
| | As at December 31st | | | | As at December 31st | | |
| Cash + equivalents | 0.0 | 0.0 | 0.0 | S-T debt | 30.6 | 19.9 | 43.9 |
| Accounts rec | 36.9 | 32.6 | 38.9 | A/P + accr'd liab | 57.6 | 56.9 | 53.9 |
| Materials + supplies | 3.7 | 4.3 | 4.2 | LTD due in 1 year | 2.6 | 2.6 | 2.2 |
| Prepaids + stab acct | 3.9 | 5.2 | 6.1 | Current Liabilities | 90.7 | 79.3 | 99.9 |
| Current Assets | 44.5 | 42.1 | 49.2 | Def'd credits | 17.1 | 19.4 | 22.7 |
| Corp tax deposit | 15.6 | 15.6 | 15.6 | Long-term debt | 236.3 | 238.8 | 201.3 |
| Net fixed assets | 491.8 | 489.6 | 489.4 | Preferred shares | 9.9 | 9.9 | 9.9 |
| Deferred charges | 29.6 | 26.3 | 14.3 | Shlders' equity | 227.5 | 226.2 | 234.8 |
| Total | 581.5 | 573.5 | 568.6 | Total | 581.5 | 573.5 | 568.6 |

**Ratio Analysis**

For years ended December 31st

| **Liquidity Ratios** | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
|---|---|---|---|---|---|---|---|---|
| Current Ratio | 0.49 | 0.53 | 0.49 | 0.60 | 0.77 | 0.86 | 0.45 | 0.47 |
| Capital expenditures/Avg gross fixed assets | 3.7% | 3.5% | 3.9% | 4.7% | 4.7% | 5.7% | 6.4% | 10.9% |
| Depreciation/Avg gross fixed assets | 3.2% | 3.2% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.9% |
| Accumulated deprec/Gross fixed assets | 41.6% | 40.3% | 38.9% | 37.0% | 35.2% | 33.5% | 32.1% | 30.9% |
| Cash flow/Total debt | 0.19 | 0.19 | 0.22 | 0.24 | 0.25 | 0.24 | 0.25 | 0.25 |
| Cash flow/Capital expenditures | 1.63 | 1.77 | 1.80 | 1.53 | 1.69 | 1.37 | 1.26 | 0.76 |
| Cash flow-divid/Capital expenditures | 0.85 | 0.55 | 1.20 | 0.69 | 1.16 | 0.93 | 0.85 | 0.51 |
| Net debt in capital structure | 53.2% | 52.5% | 50.3% | 49.4% | 48.1% | 48.6% | 48.7% | 48.6% |
| Common equity in capital structure | 44.9% | 45.5% | 47.7% | 48.1% | 48.5% | 45.7% | 44.6% | 44.1% |
| Allowed common equity | 40-45% | 40-45% | 40-45% | 40-45% | 40-45% | 40-45% | 40-45% | 40-45% |
| Preferred equity in capital structure | 2.0% | 2.0% | 2.0% | 2.3% | 2.3% | 4.8% | 6.7% | 7.3% |
| Allowed preferred equity | 3-6% | 5-10% | 5-10% | 5-10% | 5-10% | 5-10% | 5-10% | 5-10% |
| Common dividend payout | 94.5% | 134.3% | 65.0% | 108.4% | 59.2% | 56.6% | 60.2% | 58.9% |
| **Coverage Ratios** (1) | | | | | | | | |
| Gross interest coverage | 2.63 | 2.68 | 2.60 | 2.86 | 2.86 | 2.82 | 2.70 | 2.57 |
| Net interest coverage | 2.72 | 2.82 | 2.79 | 3.03 | 3.07 | 3.04 | 2.90 | 2.78 |
| EBITDA net interest coverage | 3.79 | 3.90 | 4.04 | 4.24 | 4.25 | 4.22 | 4.01 | 3.89 |
| Fixed charges coverage | 2.56 | 2.62 | 2.56 | 2.77 | 2.64 | 2.52 | 2.35 | 2.22 |
| EBITDA fixed charge coverage | 3.54 | 3.61 | 3.68 | 3.86 | 3.63 | 3.46 | 3.23 | 3.08 |
| **Profitability/Operating Efficiency** | | | | | | | | |
| Return on avg common equity (before extra.) | 11.0% | 10.9% | 12.0% | 12.0% | 12.6% | 13.4% | 13.2% | 13.6% |
| Allowed ROE - mid point | * | 11.00% | 13.25% | 13.25% | 13.25% | 13.25% | 13.25% | 13.95% |
| Power purchases/Revenues | 55.5% | 56.2% | 56.4% | 55.7% | 55.8% | 53.7% | 54.6% | 54.8% |
| Operating margin | 20.0% | 20.0% | 18.9% | 20.8% | 21.1% | 20.3% | 20.1% | 19.7% |
| Profit Return to Gov't (before extra.) (2) | 42.0% | 42.5% | 32.2% | 42.2% | 40.3% | 36.2% | 36.9% | 36.8% |
| Net margin (before extra.) | 7.4% | 7.5% | 8.3% | 8.2% | 8.7% | 9.0% | 8.7% | 8.5% |
| Customers/Employee | 301 | 262 | 253 | 255 | 248 | 210 | 205 | 195 |
| Degree days - % normal | 103% | 94% | 101% | 101% | 107% | 108% | 107% | 102% |
| Rate base - $ millions | 477 | 473 | 470 | 465 | 460 | 450 | 435 | 402 |
| kWh sold/Employee | 6.3 | 5.5 | 5.3 | 5.4 | 5.3 | 4.5 | 4.4 | 4.2 |
| **Generating Capacity** | | | | | | | | |
| Installed capacity - megawatts | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 |
| Generated | 424 | 423 | 423 | 420 | 420 | 417 | 417 | 411 |
| Purchased | 4,244 | 4,236 | 4,186 | 4,178 | 4,093 | 4,066 | 4,008 | 4,008 |
| Gross power generated + rec'd | 4,668 | 4,659 | 4,609 | 4,598 | 4,513 | 4,483 | 4,425 | 4,419 |
| LESS: Transmission losses + internal use | 230 | 234 | 227 | 227 | 227 | 239 | 229 | 245 |
| Total sold - GWh | 4,438 | 4,425 | 4,382 | 4,371 | 4,286 | 4,244 | 4,196 | 4,174 |
| Energy lost + used/Energy gen + rec'd | 5.2% | 5.3% | 5.2% | 5.2% | 5.3% | 5.6% | 5.5% | 5.9% |
| Purchases/Energy gen + rec'd | 90.9% | 90.9% | 90.8% | 90.9% | 90.7% | 90.7% | 90.6% | 90.7% |
| Energy sales growth | 0.3% | 1.0% | 0.3% | 2.0% | 1.0% | 1.1% | 0.5% | 5.4% |
| Peak demand - megawatts | 1,065 | 1,081 | 1,123 | 1,031 | 1,098 | 1,027 | 1,101 | 1,074 |

(1) Before capitalized interest. (2) After preferred dividends. * No decision rendered by Regulator

# Newfoundland Light & Power Co. Limited

| **Income Statements** (\$ millions) | For years ended December 31st 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | |
| Residential | 203.4 | 199.7 | 197.1 | 196.2 | 192.3 | | | |
| General Service | 137.3 | 138.2 | 138.2 | 138.0 | 136.7 | | | |
| Electricity revenues | 340.7 | 337.9 | 335.3 | 334.2 | 329.0 | 325.3 | 315.0 | 302.3 |
| Other | 3.0 | 3.6 | 3.6 | 4.1 | 4.5 | 4.9 | 4.1 | 4.8 |
| Total revenues | 343.7 | 341.6 | 338.9 | 338.4 | 333.6 | 330.2 | 319.1 | 307.1 |
| Expenses: | | | | | | | | |
| Operating + administration | 57.6* | 54.6 | 54.8 | 51.2 | 50.1 | 59.9 | 55.9 | 52.3 |
| Power purchased | 190.6 | 192.1 | 191.1 | 188.4 | 186.1 | 177.4 | 174.4 | 168.3 |
| Fuel | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 2.0 |
| Depreciation | 26.8 | 26.3 | 28.9 | 28.1 | 26.9 | 25.9 | 24.6 | 24.0 |
| Total operating costs | 275.1 | 273.2 | 274.8 | 267.8 | 263.2 | 263.3 | 255.0 | 246.7 |
| Operating income | 68.6 | 68.4 | 64.1 | 70.5 | 70.3 | 67.0 | 64.2 | 60.4 |
| LESS: Interest expense | 26.1 | 25.5 | 24.7 | 24.6 | 24.6 | 23.8 | 23.7 | 23.5 |
| AFUDC | (0.2) | (0.3) | (0.3) | (0.3) | (0.4) | (0.4) | (0.7) | (1.4) |
| Interest income | (0.9) | (1.2) | (1.7) | (1.4) | (1.7) | (1.8) | (1.6) | (1.8) |
| Net interest costs | 24.9 | 24.0 | 22.7 | 23.0 | 22.5 | 21.6 | 21.5 | 20.4 |
| Net income before taxes | 43.7 | 44.4 | 41.4 | 47.5 | 47.8 | 45.3 | 42.7 | 40.1 |
| Income taxes | 18.1 | 18.6 | 13.1 | 19.7 | 18.7 | 15.7 | 14.9 | 13.8 |
| Net income | 25.6 | 25.8 | 28.2 | 27.8 | 29.2 | 29.6 | 27.8 | 26.2 |
| | | | | | | | | |
| **Operating Cash Flow** | 50.5 | 49.9 | 55.4* | 55.0 | 57.5 | 55.1 | 53.7 | 51.1 |
| LESS: Dividends | 24.2 | 34.4 | 18.6 | 30.1 | 17.9 | 17.6 | 17.7 | 16.5 |
| Capital expenditures | 30.9 | 28.2 | 30.8 | 36.0 | 34.1 | 40.3 | 42.5 | 67.3 |
| Gross cash flow | (4.7) | (12.7) | 6.1 | (11.1) | 5.5 | (2.8) | (6.5) | (32.7) |
| Working capital | 1.6 | (10.1) | 6.7 | 2.1 | (7.6) | (5.5) | 2.9 | 0.7 |
| Free Cash Flow | (6.3) | (2.5) | (0.7) | (13.1) | 13.2 | 2.7 | (9.4) | (33.4) |
| | | | | | | | | |
| Net Financing | (2.5) | 37.3 | (14.5) | (0.6) | (9.7) | 18.4 | 35.1 | 3.1 |
| | | | | | | | | |
| **Electricity Sold - Breakdown** | | | | | | | | |
| Residential | 2,669 | 2,635 | 2,600 | 2,594 | 2,540 | 2,509 | 2,462 | 2,404 |
| General Service | 1,769 | 1,790 | 1,782 | 1,777 | 1,746 | 1,735 | 1,734 | 1,770 |
| Total sold - GWh | 4,438 | 4,425 | 4,382 | 4,371 | 4,286 | 4,244 | 4,196 | 4,174 |
| | | | | | | | | |
| **Unit Revenues and Costs** | (cents / kWh sold) (1) | | | | | | | |
| Revenues: | | | | | | | | |
| Residential | 7.62 | 7.58 | 7.58 | 7.56 | 7.57 | 0.00 | 0.00 | 0.00 |
| Commercial | 7.76 | 7.72 | 7.76 | 7.77 | 7.83 | 0.00 | 0.00 | 0.00 |
| Average electricity revenues | 7.68 | 7.64 | 7.65 | 7.65 | 7.68 | 7.67 | 7.51 | 7.24 |
| Ancillary businesses | 0.07 | 0.08 | 0.08 | 0.09 | 0.11 | 0.12 | 0.10 | 0.11 |
| Average revenues | 7.74 | 7.72 | 7.73 | 7.74 | 7.78 | 7.78 | 7.61 | 7.36 |
| Costs: | | | | | | | | |
| Operating & administration | 1.30 | 1.23 | 1.25 | 1.17 | 1.17 | 1.41 | 1.33 | 1.25 |
| Power purchases | 4.29 | 4.34 | 4.36 | 4.31 | 4.34 | 4.18 | 4.16 | 4.03 |
| Fuel | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.05 |
| Income taxes | 0.41 | 0.42 | 0.30 | 0.45 | 0.44 | 0.37 | 0.35 | 0.33 |
| Variable Costs | 6.00 | 6.00 | 5.91 | 5.94 | 5.95 | 5.96 | 5.85 | 5.66 |
| Net interest costs | 0.57 | 0.55 | 0.52 | 0.53 | 0.53 | 0.52 | 0.53 | 0.52 |
| Total Cash Costs | 6.57 | 6.55 | 6.44 | 6.47 | 6.48 | 6.48 | 6.37 | 6.19 |
| Cash Margin | 1.17 | 1.17 | 1.30 | 1.27 | 1.30 | 1.30 | 1.23 | 1.17 |
| Capitalized interest | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.02) | (0.03) |
| Depreciation | 0.60 | 0.59 | 0.66 | 0.64 | 0.63 | 0.61 | 0.59 | 0.58 |
| Net Margin | 0.58 | 0.58 | 0.64 | 0.64 | 0.68 | 0.70 | 0.66 | 0.63 |
| | | | | | | | | |
| Variable Costs (incl inc taxes) | 6.00 | 6.00 | 5.91 | 5.94 | 5.95 | 5.96 | 5.85 | 5.66 |
| Fixed Costs (deprec, int + levies) | 1.17 | 1.14 | 1.18 | 1.17 | 1.15 | 1.12 | 1.10 | 1.06 |
| Total Costs | 7.17 | 7.14 | 7.09 | 7.11 | 7.10 | 7.08 | 6.94 | 6.73 |
| | | | | | | | | |
| Purchased power cost/net kWh purchased | 4.72 | 4.78 | 4.80 | 4.74 | 4.79 | 4.61 | 4.59 | 4.45 |

(1) Tables may not add due to rounding.