

1 **Q. In reference to the evidence of Philip Hughes, page 4, lines 1 to 3, 3 - “Since 1992,**  
2 **Newfoundland Power has reduced its gross operating costs by approximately 22 per**  
3 **cent on a historical cost basis and approximately 34 per cent on an inflation**  
4 **adjusted (i.e., 1992 dollar) basis.” How does this performance compare to other**  
5 **utilities with similar characteristics to Newfoundland Power?**  
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7 A. The reduction in operating costs noted in the pre-filed evidence of Mr. Philip Hughes  
8 refers to gross operating costs, before transfers to General Expenses Capital (GEC).  
9 Newfoundland Power does not have comparable information regarding the gross  
10 operating expenses of other utilities.  
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12 Due to the difficulties in making and tracking valid comparisons with other utilities  
13 Newfoundland Power tends to focus on improving its own operational efficiency.  
14

15 Such an approach has in the Company’s view, the best prospect of keeping customer  
16 rates as low as possible consistent with reliable service.  
17

18 Since 1998, Newfoundland Power’s customer rates have increased by approximately 3  
19 per cent. This amount is the combination of a total of a 3.8 per cent increase attributable  
20 to Hydro and a 0.8 per cent decrease attributable to Newfoundland Power Inc.