

Requests for Information

Q. On a separate table, please provide the revenue generated by that portion of the Aliant pole purchase by Newfoundland Power, including all expenses attributable to the pole purchase to date, including cost on rate base, and compare the revenue generated since the time of the pole purchase, year over year, up to and including the forecast year.

A. <>

The expected economics associated with the Company's purchase of the Aliant Telecom Inc. joint use poles is shown in Schedule A of the economic analysis filed with the Board on July 26, 2001 was part of the Company's application for approval to acquire the joint use support structures. A summary of Schedule A for the years 2001 through 2004 is contained in Table 1.

Table 1 Aliant Pole Purchase – Financial Impacts as per Original Economic Analysis dated July 26, 2001 (\$000s)				
	2001	2002	2003	2004
Total Incremental Revenue	3,445	4,934	5,738	6,560
Incremental Costs				
Depreciation Expense	645	928	1,090	1,253
Cost of Capital	999	2,420	3,072	3,525
Income Taxes	568	746	819	875
Operating Expense	425	431	436	443
Total Incremental Costs	2,637	4,525	5,417	6,096
Surplus	808	409	321	464

Actual results for 2001 and 2002, and current forecast results for 2003 and 2004 are shown in Table 2 on page 2.

1

Table 2 Aliant Pole Purchase – Financial Impacts Actuals for 2001 and 2002, and Current Forecasts for 2003 and 2004 (\$000s)				
	2001	2002	2003F	2004F
Total Incremental Revenue	3,445	4,934	5,738	6,560
Incremental Costs				
Depreciation Expense	323	786	1,009	1,172
Cost of Capital	790	1,908	2,995	3,436
Income Taxes	326	620	762	825
Operating Expense	150	151	153	156
Total Incremental Costs	1,589	3,465	4,919	5,589
Surplus	1,856	1,469	819	971

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Tables 1 and 2 show that the actual surpluses resulting from the purchase of Aliant joint use poles by Newfoundland Power are better than was anticipated in the original economic analysis. This indicates that the purchase is even more beneficial to Newfoundland Power's customers as it reduces revenue requirements from electricity rates in 2003 and 2004 more than was originally anticipated.