

1 **Q. In reference to the evidence of Barry Perry, page 13, lines 14 to 20, for each of the**
2 **years from 1998 to 2002, provide a financial schedule which explains the variances**
3 **of the actual return on equity achieved in each year from the return on equity**
4 **awarded Newfoundland Power by the Public Utilities Board. Segment the effect of**
5 **the deviations from forecast revenues with major components identified and also**
6 **segment the effect of deviations from forecast of costs with major components**
7 **identified.**

8
9 A. Attachment A is a financial schedule illustrating the variances between the rates of return
10 on equity achieved by Newfoundland Power and the rates of return on equity used for the
11 determination of rates in each of the years from 1998 through 2002 forecast.

12
13 Line 1 of the financial schedule indicates the rate of return on equity used for the
14 determination of rates in each of the years 1998 through 2002 forecast.

15
16 Line 14 of the financial schedule indicates the achieved rate of return on regulated equity
17 for Newfoundland Power.

18
19 Lines 2 through 12 illustrate the effect of the variances between forecast revenue, costs
20 and rate base tested by the Board in 1998 and actual revenues, costs and rate base for
21 each year from 1998 through 2002 forecast.

22
23 Bracketed values in the financial schedule represent variances that had a negative impact
24 on achieved rates of return on equity. Un-bracketed values represent variances that had a
25 positive impact on achieved rates of return on equity.

26
27 Line 13 of the financial schedule is the sum of negative and positive impacts of each
28 major component of revenue and costs on the achieved rate of return on regulated equity
29 for each year from 1998 through 2002F.

30
31 At page 13, lines 16 to 18 of the *Finance & Accounting Evidence* refers to the
32 extraordinary events that impacted rates of return on rate base for the years 2000 through
33 2002. The impact of these extraordinary events on achieved rates of return on regulated
34 equity can be observed at line 5 (Other revenue reflects the impact of the Aliant support
35 structure transaction and interest on income tax refunds) and line 9 (Taxes reflect the
36 impact of additional tax deductions and tax refunds).