

*Requests for Information*

**Newfoundland Power Inc.**

**Variance Analysis**  
**Impact on Rates of Return on Equity**  
**Achieved Rates of Return Vs. Test Year Forecasts**  
**1998-2002**  
**%**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
1 Rate of Return on Regulated Equity in Rates	9.25	9.25	9.59	9.59	9.05
<i>Variance of Actual Results From Test Year Revenue Requirement Forecast</i>					
2 Revenue From Rates <sup>1</sup>	(0.22)	(0.71)	(1.82)	3.10	7.51
3 Purchased Power	<u>(0.25)</u>	<u>0.24</u>	<u>(2.35)</u>	<u>(3.49)</u>	<u>(6.29)</u>
4 Contribution From Rates	<u>(0.47)</u>	<u>(0.47)</u>	<u>(4.17)</u>	<u>(0.39)</u>	<u>1.22</u>
5 Other Revenue	0.09	0.10	2.81	2.02	1.75
6 Other Operating Expenses	0.33	0.83	0.89	0.69	1.43
7 Depreciation Expense	0.01	(0.04)	(0.04)	(1.71)	(2.13)
8 Finance Costs	0.17	0.07	0.01	(0.01)	(0.07)
9 Taxes	0.22	0.15	1.96	1.72	0.36
10 Non-Regulated Expenses	<u>0.06</u>	<u>0.08</u>	<u>0.07</u>	<u>0.09</u>	<u>0.04</u>
11	<u>0.79</u>	<u>1.09</u>	<u>2.89</u>	<u>0.78</u>	<u>(0.37)</u>
12 Impact of Increased Rate Base on Rate of Return on Equity <sup>2</sup>	(0.08)	(0.16)	(0.32)	(0.65)	(1.00)
13 Total Variance From Forecast <sup>3</sup>	<u>0.33</u>	<u>0.56</u>	<u>1.21</u>	<u>1.76</u>	<u>1.60</u>
14 Achieved Rate of Return on Regulated Equity	<u>9.58</u>	<u>9.81</u>	<u>10.80</u>	<u>11.35</u>	<u>10.65</u>

<sup>1</sup> Adjusted for excess revenue for years 2000 and 2001.

<sup>2</sup> Represents the net effect of increased common equity required to finance the increase in actual rate base from test year forecast.

<sup>3</sup> Represents total of lines 4, 5, 11 and 12.

**1<sup>st</sup> Revision Note:** Updated for 2002 actuals.