

1 **Q. On page 28 of the Financial Consultant’s 2003 Report, it is stated, “We did not note**
2 **any discrepancies in the calculation of rate of return on regulated, average common**
3 **equity”. Please advise if you have canvassed with Newfoundland Power any**
4 **“extraordinary events” which may occur in the forecast years and beyond which**
5 **could cause a change in the calculation of the rate of return on regulated, average**
6 **common equity and, if there is a possibility of an occurrence of extraordinary**
7 **events, please advise as to what such occurrences would be and what the**
8 **implications would be for the rate of return on regulated, average common equity.**
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10 A. We did not specifically canvass Newfoundland Power with regard to any “extraordinary
11 events” which may occur in the forecast years and beyond. However, in the course of our
12 review of the forecast years we did assess the nature and reasonableness of the
13 Company’s assumptions regarding future operations.
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15 One possible event which may arise in a future year is the resolution of the outstanding
16 income tax matter relating to revenue recognition. It would be difficult to determine the
17 impact on rates in a future year based on resolution of this outstanding matter, as other
18 factors may have be addressed at that time.