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Plant Investment
Deduct: Accumulated Depreciation
CIAC's Deferred Income Taxes Weather Normalization Reserve
Add: Contributions Country Homes
Balance - Current Year Balance - Prior Year
Average
Adjustment for Duffy Place Land Cash Working Capital Allowance Materials and Supplies
Average Rate Base

In each of the Annual Financial Reviews of Newfoundland Power for the years since
the Automatic Adjustment Formula was in place, reference is made to
Newfoundland Power's forecasting. In each of these years Newfoundland Power
appears to have over-earned on equity and on rate base over and above what was
forecasted. Please provide particulars of each element of the forecasting as put
forward by Newfoundland Power, which proved to be inaccurate.

The Automatic Adjustment Formula includes on an annual basis a forecast of average invested capital and average rate base. All other components of the formula are based on 1999 test year data with the exception of the cost of equity which is determined in accordance with the formula as prescribed by the Board.

The Company's actual average invested capital and forecast average invested capital for 2000 to 2002 were as follows:

								Original	
Invested Capital:	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
	2000	2000	2000	2001	2001	2001	2002	2002	2002
Debt	\$301,108	\$308,294	(\$7,186)	\$319,195	\$315,759	\$3,436	\$345,426	\$347,738	(\$2,312)
Preferred Equity	9,890	9,890	-	9,800	9,890	(90)	\$9,709	\$9,890	(181)
Common Equity	252,275	250,820	1,455	261,753	258,446	3,307	\$277,119	\$269,242	7,877
	\$563,273	\$568,517	(\$5,244)	\$590,748	\$584,095	\$6,653	\$632,254	\$626,870	\$5,384

The Company's actual average rate base and forecast rate base for 2000 to 2002 were as follows:

										Original				
Actual	1	Forecast	V	ariance	Actual	1	Forecast	V	ariance	Actual	1	Forecast	V	ariance
2000		2000		2000	2001		2001		2001	2002 2002			2002	
\$921,557		\$926,257		\$4,700	\$971,294		\$949,906		(\$21,388)	\$ 1,005,674	\$	1,006,316		\$642
390,408		404,074		13,666	408,167		419,082		10,915	420,736		431,733		10,997
19,835		19,472		(363)	19,986		19,618		(368)	19,788		20,214		426
68		0		(68)										
(8,740)		(7,079)		1,661	(9,900)		(8,186)		1,714	(10,919)		(8,648)		2,271
519,986		509,790		(10,196)	553,041		519,392		(33,649)	576,069		563,017		(13,052)
\$ 489	\$	333	\$	(156)	\$ 545	\$	300	\$	(245)	\$ 570	\$	400		(170)
\$ 520,475	\$	510,123	\$	(10,352)	\$ 553,586	\$	519,692	\$	(33,894)	\$ 576,639	\$	563,417	\$	(13,222)
\$ 505,488	\$	500,690	\$	(16,455)	\$ 520,475	\$	516,155	\$	(4,320)	\$ 553,586	\$	546,115	\$	(7,471)
\$ 512,982	\$	504,920	\$	(8,062)	\$ 537,031	\$	517,924	\$	(19,107)	\$ 565,113	\$	554,766	\$	(10,347)
(243)				243										
4,493		4,505		12	4,561		4,464		(97)	4,712		4,540		(172)
3,747		3,268		(479)	3,570		3,677		107	3,512		3,677		165
\$ 520,979	\$	512,693	\$	(8,286)	\$ 545,162	\$	526,065	\$	(19,097)	\$ 573,337	\$	562,983	\$	(10,354)