

1 **Q. In reference to the successful completion of the GEC income tax matter, please**
2 **provide particulars as to how much money had been put aside by Newfoundland**
3 **Power to resolve that issue, over what years, and please advise what Newfoundland**
4 **Power's rate of return was in each of these years.**

5
6 A. Assuming the question is in reference to the deposit placed with the Canada Customs and
7 Revenue Agency (CCRA) with regard to the GEC income tax matter, we provide the
8 following details with respect to that deposit.
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10 In 1995 CCRA issued income tax reassessments for the years 1988 to 1993, challenging
11 the Company's treatment of GEC for income tax purposes. Newfoundland Power filed
12 Notices of Objection in October 1995 and paid \$8.8 million to CCRA (representing one
13 half of the amount in dispute).
14

15 In 2000, the GEC income tax issue was resolved in Newfoundland Power's favour and
16 CCRA refunded the \$8.8 million held on deposit plus \$6.8 million of interest. This
17 interest was recorded as other revenue in the 2000 fiscal year.
18

19 The Company's rate of return on rate base for the years 1995 to 2000 (the period the
20 deposit was outstanding) was as follows:
21

22	1995	10.94%
23	1996	10.63%
24	1997	10.71%
25	1998	9.86%
26	1999	10.04%
27	2000	10.46%