Calculation of Reduction in Return on Rate Base

Newfoundland Power Inc.

Impact of Disallowing $100,000,000 in Rate Base
(000s)

Proposed Return on Rate Base[1]

2003 Proposed	=	$ 670,191	x	9.36%	+	$ 66	+	$ 30	-	$ 216
		$ 597,232						$ 597,232		

$$= 10.48\%$$

2003 Proposed	=	$ 597,232	x	10.48%

$$= \$\ 62,610$$

Return on Rate Base with $100 million disallowed from rate base and invested capital

2003 Recalculated	=	$ 570,191	x	9.36%	+	$ 66	+	$ 30	-	$ 216
		$ 497,232						$ 497,232		

$$= 10.71\%$$

2003 Recalculated	=	$ 497,232	x	10.71%

$$= \$\ 53,254$$

Reduction in Return on Rate Base $ 9,356   =   9.36% of the disallowed amount.

[1] Source: Exhibit BVP-19, lines 17-24 page 2 of 2