Distribution

Q. Why is NP forecasting an increase of ninety-one percent (91%) in the average capital expenditures for Real Property (B-61) for the period 2005 to 2008 as compared to the average capital expenditures during the immediately preceding five year period of 2000 to 2004?

A. For the period 2000 to 2004 the Company did not undertake significant expenditures with regard to its various office or service buildings. The exception was the year 2000 when the Company's Duffy Place service building was renovated to accept the relocation of the Meter Shop facilities.

However, it is also to be noted that in 1999 capital expenditures in this area were $1,500,000, and that the average for the five year period 1999 to 2003F is $593,400, compared to the average of $536,800 for the five year period 2004 to 2008.

For the period 2005-2008 there are a number of planned expenditures in each year related to the Company's buildings. These projects significantly impact the overall dollars allocated to Real Property. The specific projects are as follows:

2005 -	Grand Falls service building	$292,000
	Holyrood District Building	56,000
		$348,000
2006 -	Kenmount Road parking lot & Gander truck enclosure	$129,000
	Gander Service Building	110,000
	Carbonear Service Building	90,000
		$329,000
2007 -	Kenmount Road Building (Roof & HVAC system)	$470,000
2008 -	Kenmount Road Building (UPS & HVAC system)	$360,000