

Q. DISTRIBUTION**PUB 10.0 (RE: p. 31 & 32 of 73) Extensions (\$6,374,000)****PUB 10.1****Please provide a comparison of the budgeted and the actual expenditures for each of the years from 2000 to 2004F inclusive and graph variances.**

- A. Table 1 provides a comparison of the actual versus budgeted expenditures for the Extensions project for the period 2000 to 2004F inclusive. Chart 1 graphically compares actual versus budget expenditures, while Chart 2 shows annual variances as a percentage of budget.

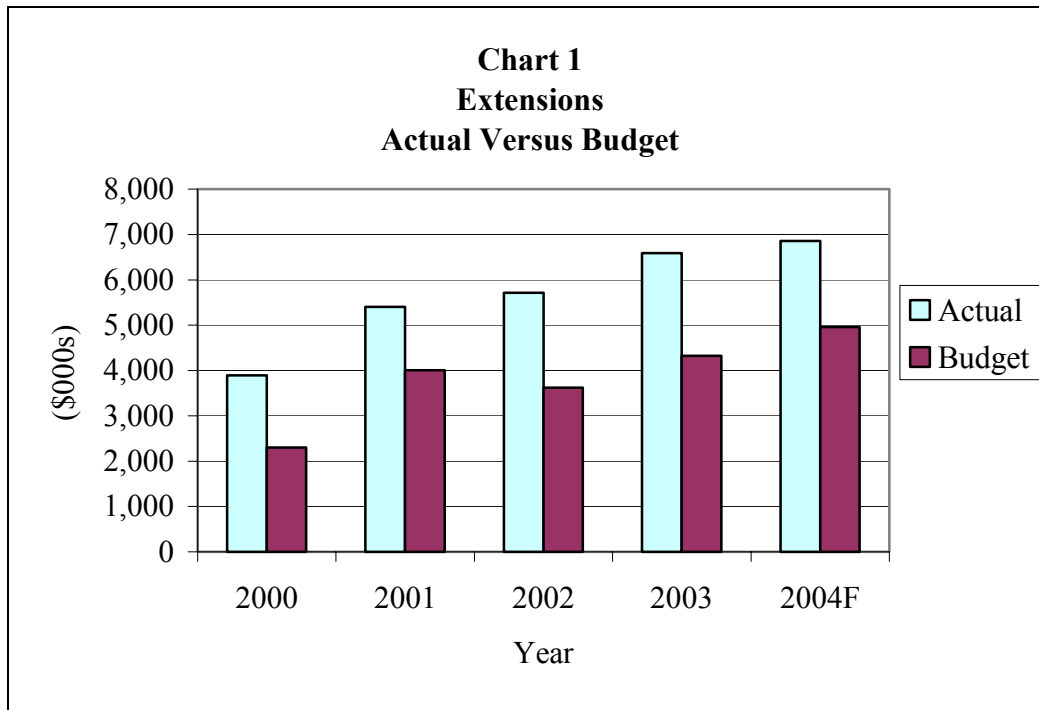
Table 1 Extensions Actual Versus Budgeted Expenditure 2000 - 2004F (\$000s)			
Year	Actual	Budget¹	Variance
2000	3,981	2,300	1,681
2001	5,404	4,005	1,399
2002	5,717	3,621	2,096
2003	6,586	4,322	2,264
2004F	6,854	4,956	1,898

¹ Includes supplementary changes approved by the Board.

The variance between actual and budgeted expenditures from 2000 to 2004F was driven primarily by two factors. First, the number of new customers added to the system each year exceeded the forecast. Second, the number of large extensions required to service cottage areas and general service customers was greater than anticipated when the budgets were prepared.

Often, Newfoundland Power is unaware of particular requirements for large extensions at the time its capital budget is being prepared for the following year. Even when the Company is aware of a future requirement for a large extension, it is often too early for the customer to provide either a definite schedule for the work or sufficient information upon which to base a cost estimate.

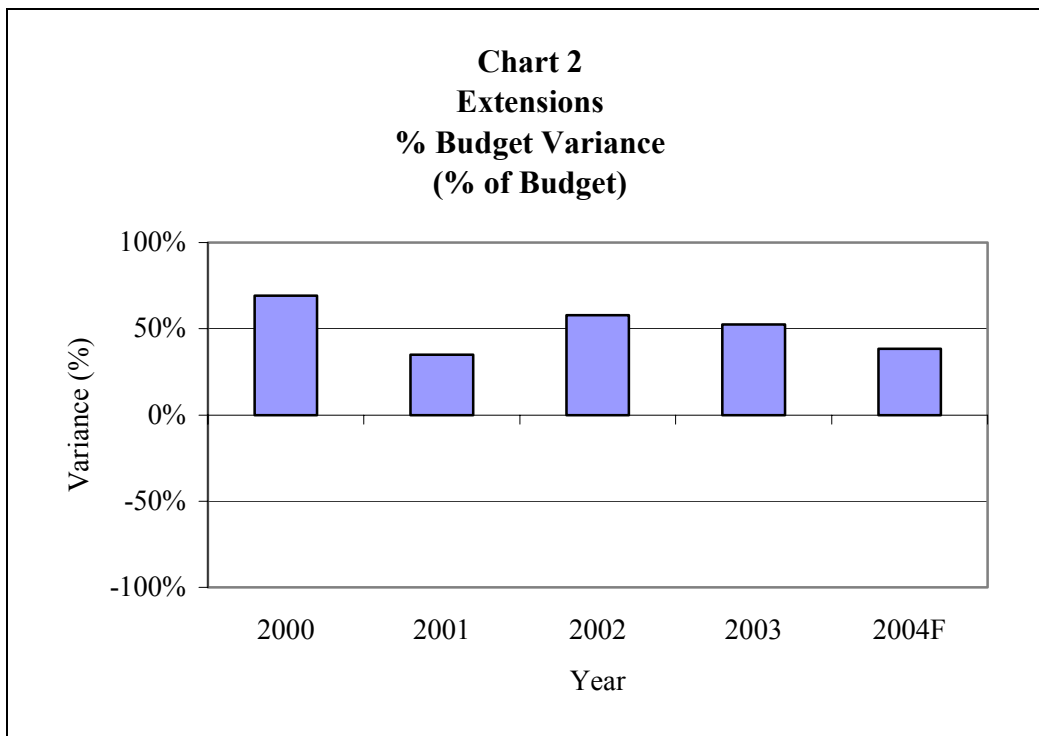
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