

The Matter of the Public Utilities Act, R.S.N.L.
1990, c. 1990, c. P-42

And

In The Matter of an Accounting Application by
Newfoundland Power Inc. filed on September
29, 2005

INFORMATION REQUESTS

To: Public Utilities Board
120 Torbay Road
St. John's, NL A1A 5B2

Attention: Ms. G. Cheryl Blundon,
Director of Corporate Services and Board Secretary

Consumers' Advocate Requests for Information To the Board Advisor, Grant Thornton

CA 36.0 PUB

Reference: Evidence of GT on 2006 Accounting Policy Application, p. 5
Evidence of JT Browne, page 9

Preamble: GT states: "We have reviewed the response to PUB 10 NP and agree with the Company that generally accepted accounting principles (GAAP) require that this revenue be recognized as income in 2005."

Mr. Browne states: "Regardless of what the CICA decides, it will not prevent regulators from deviating from GAAP for regulatory

purposes. Moreover, it is likely that regulators will continue to believe that just and reasonable rates may require such deviations in certain specific cases."

Q. Does GT agree with Mr. Browne's comment?

CA 37.0 PUB

Reference: Evidence of GT on 2006 Accounting Policy Application, p. 5

Preamble: GT states: "The Board may want to consider whether the interest income arising from the Tax Settlement should be incorporated with the transitional issues noted in this Application. If so, the Board would need to make a decision on this issue before the Company is required to finalize its December 31, 2005 financial statements, otherwise the Company will have to record the interest income in 2005 to be in accordance with GAAP."

Q. In light of GT's response to CA 36.0 PUB, could "the interest arising from the Tax Settlement ... be incorporated with the transactional issues" by capturing the \$2.1 million in a deferral account for future disposition to ratepayers if the Board were to determine that ratepayers had borne the interest in relation to the deposit with CRA in the first instance and are entitled to the interest received from CRA?

CA 38.0 PUB

Reference: Evidence of GT on 2006 Accounting Policy Application, p. 16

Preamble: GT states: "We believe the appropriateness of Newfoundland Power's proposals must be assessed based on whether they provide the opportunity to earn a just and reasonable return in 2006.

However, the Board has not had the opportunity to review all elements of the revenue requirement for 2006. While such a review may confirm that

the forecast financial results and rate of return on rate base are reasonable, the Board has been asked to make its determination in the absence of such evidence. If the Board had the benefit of a full review of the revenue requirement it would gain a greater comfort level that the request by the Company is justified and necessary to provide the opportunity to earn a just and reasonable return in 2006."

Q. *What are GT's recommendations for dealing with this conundrum? Please comment on the options of requiring NP to file a 2006 GRA in order for 2005 Unbilled Revenue to be recognized as an offset to forecast 2006 costs and implementing a mechanism that effectively defers the issue of the possible 2006 return on rate base shortfall until a subsequent year when NP is able to file 2006 financial information as part of a GRA for 2007 or later.*

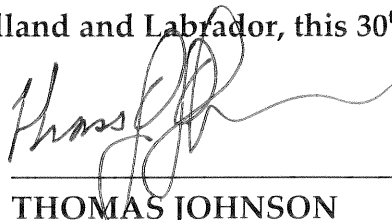
CA 39.0 PUB

Reference: Evidence of GT on 2006 Accounting Policy Application, p. 16

Preamble: GT states: "We believe the appropriateness of Newfoundland Power's proposals must be assessed based on whether they provide the opportunity to earn a just and reasonable return in 2006.

Q. *Please confirm that the quoted statement applies to all categories of costs that could be offset by recognizing 2005 Unbilled Revenue because no category of costs warrants an offset absent a determination that the Board has that there is an overall revenue deficiency based on evidence that has been tested through the Board's normal procedures.?*

DATED AT St. John's, in the Province of Newfoundland and Labrador, this 30th day of November, 2005.



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