

1 Q. Newfoundland Power Inc. applies for approval of a proposed amount for General Expenses
2 Capitalized in its annual Capital Budget Applications. Does Hydro intend to apply for a proposed
3 amount of General Expenses Capitalized to be transferred to the General Expenses Capitalized
4 Deferral Account in its annual Capital Budget Applications? If not, describe the regulatory
5 process Hydro intends to use for approval of the amount of General Expenses Capitalized to be
6 transferred to the General Expenses Capitalized Deferral Account on an annual basis.

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9 A. Newfoundland and Labrador Hydro ("Hydro") intends to apply for approval of the proposed
10 amount of General Expenses Capitalized to be transferred to the General Expenses Capitalized
11 Deferral Account by December 15 of each year. The calculation of the budgeted amount is
12 dependent on compilation and approval of Hydro's operating budget; the operating budget is
13 completed and internally approved annually, subsequent to the filing of the capital budget with
14 the Board of Commissioners of Public Utilities. As a result, Hydro is unable to include the
15 transfer of proposed General Expenses Capitalized to be transferred to the General Expenses
16 Capitalized Deferral Account in its annual capital budget applications.