

1 Q. CA 28.0 NP

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3 Reference: Evidence of JT Browne, page 14 and 20.

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5 Preamble: Mr. Browne states at page 14 that “NP has asked me whether its
6 proposed treatment of the UUR in 2006 is consistent with established
7 regulatory principles”.

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9 At page 20 Mr. Browne concludes that “NP’s proposal to use \$9.6
10 million of the UUR to reduce its revenue requirement in 2006 is
11 consistent with the principle of intergenerational equity, is not
12 expected to result in any material rate instability and is not expected
13 to materially jeopardize its financial integrity.”

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15 Would it be reasonable to characterize any treatment of the UUR that “is consistent
16 with the principle of intergenerational equity, is not expected to result in any
17 material rate instability and is not expected to materially jeopardize its financial
18 integrity” would be “consistent with established regulatory principles”?

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20 A. No.

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22 As stated on page 16 of Mr. Browne’s evidence: “The key regulatory principles relevant
23 to the issue of the UUR are *the cost of service standard*, the principle of intergenerational
24 equity, the principle of rate stability and predictability and financial integrity. In at least
25 some cases, these principles may conflict with each other.”