

1 **Q. CA 29.0 NP**

2
3 **Reference: Evidence of JT Browne, page 15.**

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5 **Preamble: Mr Browne states “If NP were to seek the \$9.6 million through an**
6 **increase in rates, it would require an additional \$15 million in**
7 **revenues. The difference between the \$9.6 million and the \$15 million**
8 **(\$5.4 million) would represent the increase in taxes associated with the**
9 **revenues necessary to provide \$9.6 million. However, since the \$9.6**
10 **million will be covered by recognizing a portion of the UUR, there will**
11 **be no additional taxes. NP must pay the tax on the UUR at December**
12 **31, 2005 over three years, whether or not it recognizes any of the UUR**
13 **for rate setting purposes.”**

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15 **Please confirm that this difference arises because NP uses the flow through method**
16 **for recognizing corporate income taxes for rate-setting purposes.**

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18 **A. Confirmed.**

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20 The difference arises due to the use of the modified flow through method approved by the
21 Newfoundland and Labrador Board of Commissioners of Public Utilities.