

1 Q. CA 7.0 NP

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3 Reference: 2006 Accounting Policy Application, para. 20

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5 Preamble: NP is not requesting a PUB determination that either the forecast
6 revenue requirement or the return on rate base is just and reasonable.
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8 Is NP of the view that a pre-condition for recognizing 2005 Unbilled Revenue in any
9 year is that the company's rate of return on rate base would be below the lower end
10 of the approved range in the absence of the 2005 Unbilled Revenue Accrual? If not,
11 please explain the company's rationale.
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13 A. Not necessarily.

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15 The appropriate *pre-conditions* for recognizing 2005 Unbilled Revenue are not, in the
16 Company's view, capable of being defined in advance. The determination of the
17 appropriate amount of 2005 Unbilled Revenue to be recognized in any year will be
18 determined based upon the particular circumstances.
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20 For example if, in a 2006 general rate application, Newfoundland Power were to propose
21 recognition of a portion of the 2005 Unbilled Revenue in 2007, the *pre-condition* set out
22 in the question might effectively prevent the Board from recognizing a portion of the
23 2005 Unbilled Revenue. This, in turn, would require the Board to set customer rates at a
24 higher level than they would otherwise have to be.