

1 **Q. Please confirm that Newfoundland Power is seeking final approval of its 2016**
2 **forecast average rate base without the Board undertaking the normal prudence**
3 **review of the capital expenditures that have been undertaken by Newfoundland**
4 **Power since its last GRA. If so, please explain how accepting capital expenditures in**
5 **the absence of a prudence review is consistent with “regulatory principle and**
6 **practice before the Board.”**

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8 A. Newfoundland Power is unable to provide the confirmation requested.

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10 The use of a forecast rate base for regulatory purposes is common. The Board has used it
11 at times for the establishment of Newfoundland Power’s annual return on rate base.
12 Newfoundland Power’s 2016 capital expenditures can only be lawfully made *following*
13 the Board’s approval under Section 41 of the *Public Utilities Act*.

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15 For further information relating to regulatory principle and practice before the Board,
16 refer to the responses to Requests for Information PUB-NP-007, PUB-NP-008 and
17 NLH-NP-053.