

1 **Q. Given NP’s cost of capital and capital structure is subject to review in 2015 for 2016**
2 **(per P.U. 13 (2013)), does NP agree that if the Board approved the proposed**
3 **application on a final basis that it would be reasonable that the Board limit the**
4 **maximum return on rate base for 2016 to the mid-point of the range of return on**
5 **rate base? If not, why not?**
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7 A. Newfoundland Power does not agree that if the Board approves the 2016 deferred cost
8 recovery of approximately \$4 million as proposed in the Application, that it would be
9 reasonable for the Board to limit the maximum return on rate base for 2016 to the mid-
10 point of the range of return on rate base.
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12 It is not likely that a Newfoundland Power general rate application (“GRA”) filed by
13 June 1, 2015 would result in a “review in 2015” of Newfoundland Power’s costs,
14 including its cost of capital, as this question implies.
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16 In Newfoundland Power’s view, there is no basis to change the Board’s longstanding
17 practice of using a range of return on rate base of 36 basis points ($\pm 0.18\%$) in the
18 circumstances of the Application.