

1 **Q. Given the review of NP’s common equity component for 2016 (per P.U. 13 (2013)),**
2 **would it be reasonable for the Board to approve the cost deferral for 2016**
3 **accompanied by interim rates, with recovery to be subject to a future order of the**
4 **Board?**

5
6 A. Newfoundland Power’s cost of capital is just one of the categories of costs that will be
7 reviewed at Newfoundland Power’s next general rate application (“GRA”). If the Board
8 were to approve the proposed 2016 cost deferral on an interim basis, with recovery to be
9 determined following the hearing of Newfoundland Power’s 2016 GRA at a later time,
10 this would not, depending on the timing of the Board’s decision, provide Newfoundland
11 Power a reasonable opportunity to recover its 2016 costs on a prospective basis.¹

12
13 Hydro’s currently outstanding GRA raises an array of substantial and complex issues.
14 Given this, it is Newfoundland Power’s view that a prospective review of Newfoundland
15 Power’s 2016 costs is not likely to occur if Newfoundland Power’s GRA must await the
16 conclusion of Hydro’s GRA. For this reason, the 2016 deferred cost recovery proposed
17 in the Application is the superior alternative to addressing the current circumstances.

18
19 For further information regarding the appropriateness of the 2016 deferred cost recovery
20 proposed in the Application, refer to the responses to Requests for Information
21 PUB-NP-001, PUB-NP-002, PUB-NP-003, PUB-NP-006, PUB-NP-007 and
22 PUB-NP-008.

¹ For information on the scheduling and timing of general rate proceedings before the Board, see the response to Request for Information PUB-NP-002. For information on the prospective nature of rate regulation in Newfoundland and Labrador, see the response to Request for Information PUB-NP-006.