

1 **Q. Section 4(i) of the Electrical Power Control Act (EPCA) requires that rates should**
2 **be reasonable and not unjustly discriminatory. Is it Newfoundland Power's position**
3 **that approval of its application for cost recovery on a final basis to achieve**
4 **regulatory efficiency outweighs the requirement of the EPCA that rates should be**
5 **reasonable and not unjustly discriminatory?**
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7 A. It is not Newfoundland Power's position that approval of its application for cost recovery
8 on a final basis to achieve regulatory efficiency outweighs the requirement of the EPCA
9 that rates should be reasonable and not unjustly discriminatory.

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11 It is Newfoundland Power's position that the Board should approve the 2016 deferred
12 cost recovery of \$4 million for Newfoundland Power because it is reasonable and
13 appropriate in the current circumstances, particularly in light of Newfoundland and
14 Labrador Hydro's ("Hydro") outstanding GRA.¹ In addition, the record before the Board
15 on the Application demonstrates that the 2016 deferred cost recovery proposed in the
16 Application is consistent with (i) prospective ratemaking²; (ii) the principle of
17 intergenerational equity as applied by the Board³; (iii) reduced overall regulatory lag and
18 delayed cost recovery⁴; (iv) overall regulatory cost efficiency⁵; and (v) past regulatory
19 practice.⁶

¹ Refer to the response to Request for Information PUB-NP-001, pages 4-6.

² Refer to the response to Request for Information PUB-NP-006, pages 2-3.

³ Refer to the response to Request for Information PUB-NP-006, pages 3-4.

⁴ Refer to the response to Request for Information PUB-NP-003, pages 1-2.

⁵ Refer to the responses to Request for Information PUB-NP-002, pages 2-4 and PUB-NP-003, page 2.

⁶ Refer to the response to Request for Information PUB-NP-001, pages 1-4.