

1 **Q. Further to Newfoundland Power's response to NLH-NP-005 which states:**

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3 *"In addition, the 2016 deferred cost recovery proposed in the Application is consistent*  
4 *with (i) prospective ratemaking; (ii) the principle of intergenerational equity as applied*  
5 *by the Board; (iii) reduced overall regulatory lag and delayed cost recovery; (iv) overall*  
6 *regulatory cost efficiency; and (v) past regulatory practice."*

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8 **However, in response to NLH-NP-015, Newfoundland Power states:**

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10 *"Newfoundland Power has not completed a jurisdictional review to determine whether*  
11 *regulators in other jurisdictions have granted final approval of deferral and recovery of*  
12 *untested costs outside of a general rate application."*

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14 **Is Newfoundland Power's statement on consistency with past regulatory practice**  
15 **strictly limited to the Newfoundland and Labrador jurisdiction? Does**  
16 **Newfoundland Power consider the regulatory practices of other jurisdictions to be**  
17 **of value to the Board in reviewing the current Application? If not, why not?**

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19 **A.** The Board has approved deferred cost recovery for Newfoundland Power on a number of  
20 occasions.<sup>1</sup> In each instance, the Board concluded, by a consistent application of  
21 regulatory principles, that it was an appropriate means to permit Newfoundland Power an  
22 opportunity to earn a just and reasonable return in the succeeding year, pursuant to  
23 Section 80 of the *Public Utilities Act* (the "Act").<sup>2</sup>

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25 Newfoundland Power observes that before the Board issued Order No. P.U. 40 (2005), it  
26 had the benefit of the expert evidence of Mr. John Browne (regulatory accounting) and  
27 Mr. John Todd (regulatory principles). These experts were familiar with national  
28 regulatory practice. In applications for deferred cost recovery since this time, there has  
29 been no indication of materially different application of regulatory accounting or practice  
30 in other jurisdictions.

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32 It is not Newfoundland Power's evidence that regulatory practices of other jurisdictions  
33 are of no value to the Board. For information concerning other regulatory jurisdictions,  
34 of which Newfoundland Power is aware, which have permitted utilities to earn returns on  
35 additions to rate base subsequent to test year, refer to the response to Request for  
36 Information NLH-NP-039.

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<sup>1</sup> For a full consideration of the practice of the Board over the past 10 years concerning deferred cost recovery for Newfoundland Power, refer to the response to Request for Information PUB-NP-001.

<sup>2</sup> See Order Nos. P.U. 40 (2005), P.U. 39 (2006), P.U. 30 (2010), P.U. 22(2011), P.U. 17 (2012), and the response to Request for Information PUB-NP-007.