

1 **Q. Re: Application, paragraph 11 and Exhibit 8**

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3 **Please confirm that the table showing 2017 return on rate base in Exhibit 8 assumes**
4 **that the Board approves an overall average increase in current customer rates of**
5 **3.1% with effect from July 1, 2016 and an overall average increase in current**
6 **customer rates of 0.0% in 2017. If not, please explain the company's proposal for**
7 **2017 rates and the reasons for including 2017 forecast costs in the application.**

8
9 A. Not confirmed.

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11 The Application proposes the Board approve an overall average increase in current
12 customer rates of 3.1%, effective July 1, 2016. This increase is proposed to remain in
13 effect through 2017.

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15 The Application does not propose an overall increase in current customer rates of 0.0% in
16 2017.

17
18 It has been Newfoundland Power's practice to file general rate applications with 1 full
19 calendar year forecast. This provides the Board with a complete 1 year evidentiary match
20 of forecast costs and rates. For general rate applications filed early in the year preceding
21 a test period, this has practically resulted in a 1 year test period.¹ For general rate
22 applications filed later in the year preceding a test period, this has practically resulted in a
23 2 year test period.²

24
25 Section 3(a)(ii) of the *Electrical Power Control Act, 1994*, provides that rates to be
26 charged by a utility "...should be established, wherever practicable, based on forecast
27 costs for that supply of power for 1 or more years". Newfoundland Power's practice
28 complies with the legislative framework under which the Company is regulated.

¹ See, for example, Order No. P.U. 32 (2007) which used 2008 as a test year and Order No. P.U. 43 (2009) which used 2010 as a test year.

² See, for example, Order No. P.U. 19 (2003) which used 2003/2004 as a test year and Order No. P.U. 13 (2013) which used 2013/2014 as a test year.