

1 Q. Reference: CA-NP-11
2

3 NP was asked about shareholder exposure to assets that are no longer judged to be
4 used and useful. The answer was not directed at this question. To rephrase the
5 question does NP have any opinion on the application and relevance of the Supreme
6 Court of Canada's Stores Block decision (2006 SCC 4 1SCR 140) to assets currently
7 in its rate base? Alternatively, does NP judge its risk exposure to have materially
8 changed as a result of the SCC's decision on stranded assets?
9

10 A. The response to Request for Information CA-NP-011 addresses the question posed in the
11 practical context of *Newfoundland and Labrador* regulatory policy and practice.
12

13 The Supreme Court of Canada's decision in *ATCO Gas and Pipelines Limited v. Alberta*
14 *(Energy and Utilities Board)*, 2006 SCC 4 was based upon legislation in the Province of
15 Alberta. This decision should be considered in light of the more recent Supreme Court of
16 Canada decisions in *Ontario (Energy Board) v. Ontario Power Generation Inc.*, 2015
17 SCC 44 and *ATCO Gas and Pipelines Limited v. Alberta (Utilities Commission)*, 2015
18 SCC 45, both of which dealt with prudence disallowances and suggest provincial
19 regulators have significant latitude in applying judgement in the establishment of just and
20 reasonable rates.
21

22 For the reasons described in the response to Request for Information CA-NP-011, sound
23 regulatory policy and practice considerations in Newfoundland and Labrador support the
24 existing practice in this province for recovery of utility investment costs.