

1 Q. At page 54 of its Decision and Order P.U. 32 (2007), the Board stated:

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3 **“On this basis, and in the absence of an application from NP**
4 **requesting otherwise, NP will be required to file its next GRA**
5 **in 2010 to set rates for a 2011 test year.”**
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7 **The Board then continued (in bold), “NP will be required to file its next general rate**
8 **application by June 30, 2010 using a 2011 test year.” Please confirm that in light of**
9 **the Board’s order there was no necessity for NP to propose to commence**
10 **recognizing other post employment benefits on an accrual basis in 2010.**
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12 A. In Order No. P.U. 19 (2003), the Board ordered Newfoundland Power to file a report
13 addressing the use of the accrual method for recognizing other future employee benefit
14 costs. This was done in Newfoundland Power’s 2008 General Rate Application (the
15 “2008 General Rate Application”).
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17 In Order No. P.U. 32 (2007), which resulted from the 2008 General Rate Application, the
18 Board approved Newfoundland Power’s continued use of the cash basis for recognizing
19 expenses for other future employee benefit costs. The Settlement Agreement reached on
20 the 2008 General Rate Application provided that this matter would be further considered
21 by the Board at Newfoundland Power’s next general rate application.
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23 Newfoundland Power can confirm that no Board order specifically requires the Company
24 to propose to commence recognizing other future employee benefit costs on an accrual
25 basis in 2010.
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27 However, the proposal by the Company in the 2010 General Rate Application is
28 *reasonable* within the context of regulatory principles, Board orders concerning the
29 matter, and the Settlement Agreement reached on the 2008 General Rate Application.