

1 **Q. Are there disadvantages associated with the regulatory mechanisms currently**
2 **practiced by NP?**
3

4 A. In this Application, Newfoundland Power has proposed discontinuing the use of one of
5 the current regulatory mechanisms. The justification for this proposal is outlined in the
6 Company's evidence.¹
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8 The Board has observed that "...The real challenge for the Board, in keeping with its
9 legislative mandate, is to balance oftentimes competing objectives within the regulatory
10 environment to ensure a set of sound and reasoned decisions serving the interests of both
11 consumer and utility alike".²
12

13 The Company's regulatory mechanisms, which are listed in the response to CA-NP-55,
14 represent a reasoned *balance* of generally accepted regulatory principles as determined
15 by the Board at the time the mechanisms were created or last considered by the Board.
16

17 In this policy context, Newfoundland Power does not view the regulatory mechanisms, or
18 the changes to regulatory mechanisms proposed in the Application, in terms of
19 advantages or disadvantages. Instead, Newfoundland Power views existing regulatory
20 mechanisms, and the modifications proposed in this Application, as striking a *continuing*
21 reasonable regulatory balance in current circumstances.

¹ See Section 3.3.4 of the Finance Evidence at pages 3-18 to 3-19

² See Order No. P.U. 19 (2003), p. 16-17.