

1 **Q. Further to the reply of CA-NP-185:**

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3 (a) **With respect to the statement that “The future customer rate impacts will**
4 **only be determinable at the time the matter is addressed” please confirm (i)**
5 **that while the actual rate impacts could not be known until the Board makes**
6 **a determination about the method for disposing of the Transitional**
7 **Obligation, the dollar and rate impact of any particular treatment can be**
8 **determined at this time and (ii) that footnote 87 does in fact provide the rate**
9 **impact of two hypothetical treatments of the Transitional Obligation.**

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11 (b) **Does footnote 87 reflect treatments of the Transitional Obligation that NP**
12 **considers to be appropriate? If not, please provide alternate treatments that**
13 **NP believes should be considered in any future proceeding, should the move**
14 **to Accrual Accounting for OPEBs be approved.**

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16 A. (a) Footnote 87 provides the approximate rate impacts of disposing of the transitional
17 obligation based on a 5 year and a 10 year amortization using the existing forecast
18 revenues for 2010 (i.e. 2010E) and the income tax rates reflected in the
19 Application. Any change in revenues or income tax rates will result in changes to
20 the rate impact estimates.

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22 (b) Newfoundland Power does consider a 5 or 10 year amortization of the OPEBs
23 transitional obligation to be reasonable options, however, there may also be other
24 options the Board may find reasonable in the circumstances that exist at the time
25 the Board considers the matter. The amortization period for the OPEBs
26 transitional obligation requires consideration of all costs and related customer
27 impacts at the time of determination.