

1 Q. **Reference: Page 6, Lines 29-32**

2
3 **Confirm that the 2008 Settlement Agreement provides that the**
4 **matter of the accounting treatment of OPEBs is to be further**
5 **considered by the Board at the next GRA.**
6

7 A. Confirmed. The parties agreed to further consider OPEBs at the next GRA, which
8 was expected to be for the 2011 Test Year. The expectation that the next GRA
9 would be to set rates for 2011 is reflected in the Board's comment quoted in Mr.
10 Todd's evidence.

11 *The Board notes that, according to the Amended Application, the*
12 *AAF is proposed to operate to set rates for three years following*
13 *2008. This means that the AAF would be used to establish rates for*
14 *2009, 2010 and 2011. However, six of seven of the amortization*
15 *proposals for regulatory deferrals and reserves proposed in the*
16 *Amended Application and approved by the Board in this Decision and*
17 *Order are set to expire in 2010. As well, the Settlement Agreement*
18 *proposed that the Energy Supply Cost Variance Clause to be added*
19 *to the Rate Stabilization Clause would apply to energy supply costs*
20 *incurred through to the end of 2010, unless a further application is*
21 *made to the Board by either party for its extension, modification or*
22 *non-renewal. In addition the evidence provided in relation to the*
23 *proposal to continue to use the cash basis for recognizing expenses*
24 *for OPEBs substantially related to the period ending in 2010. The*
25 *uncertainty surrounding the IFRS issue is also a complicating factor.*
26 *In light of these circumstances the Board does not feel it would be*
27 *prudent to delay a GRA beyond 2010. On this basis, and in the*
28 *absence of an application from NP requesting otherwise, NP will be*
29 *required to file its next GRA in 2010 to set rates for a 2011 test year.*
30 *(Order P.U. 32(2007), pp. 53-54)*