

1 **Q. Reference: section 3.1 OPEBs Costs Overview**

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3 **Please confirm that under the Accrual Method as proposed by NP, a reserve will be**
4 **built up over time where the annual additions to the reserve will be equal to the**
5 **difference between (i) the total OPEBs costs recovered in rates (OPEBs accrual plus**
6 **amortization of regulatory asset plus rate base effect) and (ii) the cash payment of**
7 **benefits in the year. This amount will be the difference between the amount**
8 **collected from customers in rates and the actual costs incurred for OPEBs. If this is**
9 **not correct, please explain.**

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11 **A.** Newfoundland Power is unable to provide the confirmation requested.

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13 Adoption of the accrual method of accounting for OPEBs costs as proposed by
14 Newfoundland Power will not result in the creation of a *reserve* as indicated in the
15 question. Please refer to the Response to Request for Information CA-NP-3.