

1 **Q. Reference Evidence of Newfoundland Power, pages 4-15: Please indicate whether**  
2 **the company has the ability to rebalance rates should part of its rate base be no**  
3 **longer used and useful or request a deferral account should the forecasting errors**  
4 **become significant?**

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6 A. Newfoundland Power does not have the *ability to rebalance rates* should part of its  
7 ratebase be no longer used and useful. Newfoundland Power has the *ability to apply* to  
8 the Board to rebalance rates.

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10 Newfoundland Power has the ability to apply to the Board to *request* a deferral account,  
11 however, this does not oblige the Board to grant such relief.

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13 It is by no means certain that even if the Board permitted rates to be rebalanced or a  
14 deferral account created, as suggested by the question, that in all events the Company  
15 would be assured actual recovery of costs.