

1 **Q. Company Evidence, p. 28: The Company states, “Continued use of the 2012**
2 **ratemaking return on equity for 2013 would be reasonable and consistent with**
3 **current consistent [sic] public utility practice.” In its application, Newfoundland**
4 **Power does not seek, request or apply for continued use of the 2012 ratemaking**
5 **return on equity for 2013. Please clarify the Company’s request in relation to 2013**
6 **in this proceeding.**

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8 A. The quote contains an error. The passage should read as follows: “Continued use of the
9 2012 ratemaking return on equity for 2013 would be reasonable and consistent with
10 current Canadian public utility practice.”

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12 It is the Company’s view that it is not necessary to apply specifically for *continued use of*
13 *the 2012 rate making return on equity for 2013* as implied by the question.

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15 On page 28 of the Company’s Evidence, the Company states, “In this Application,
16 Newfoundland Power seeks a Board order (i) establishing a just and reasonable return on rate
17 base for 2012 and (ii) discontinuing use of the Formula due to current financial market
18 conditions.” The effect of the Formula being discontinued or suspended beyond 2012 will be
19 that the just and reasonable return set for 2012 will continue to apply until further order of the
20 Board. This would essentially result in a similar situation to that which existed prior to 1999
21 when the automatic adjustment formula came into effect. The excess earnings account
22 approved by the Board would also remain in effect to ensure that customer rates and
23 Company returns remain in reasonable balance for 2013.

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25 Please refer to the Response to Request for Information CA NP 216 concerning the
26 timing of the Company’s next general rate application.