1   Q.   (GRA, Volume II, Exhibit 6 – Allowed Range of Return on Rate Base, page 16)

2   The reports states "When the earned return on rate base exceeds the allowed

3   return on rate base by more than 25 basis points, where the rate base is equal to

4   the average annual rate base, the excess earnings would be recorded in an excess

5   earnings account as a liability. The balance of the excess earnings account will be

6   disposed of in the manner determined by the PUB. Although not specified in Order

7   No. P.U. 40 (2004), to the extent that the earned return on rate base falls below the

8   bottom end of the allowed range, shortfalls remain to the account of the

9   shareholder." Please provide a table listing all occasions in the Province (i.e., for

10   both Hydro and NP) in the past 20 years when returns have fallen outside the

11   allowed range and how it has been handled by the Board.

12

13

14   A.   Please refer to CA-NLH-061 Attachment 1. This provides the rate on return on rate

15   base for the years 2005 to 2012. Please note that there was not an 'allowed range'

16   for rate of return on rate base prior to 2005 because this methodology was first

17   approved in Board Order P.U. No. 40(2004).

18

19   Hydro has not exceeded the allowed range of return on rate base in any years from

20   2005 to 2012. In years that Hydro fell below the allowed range of return on rate

21   base the shortfall remained on the account of the shareholder and thus was not

22   addressed by the Board.

23

24   The information requested regarding Newfoundland Power is not maintained by

25   Hydro.

Rate of Return on Average Rate Base

	2005	2006	2007	2008	2009	2010	2011	2012
Rate of Return on Average Rate Base	6.98%	6.47%	7.14%	6.48%	6.83%	6.29%	7.46%	7.01%
Lower end of Approved Range	*7.32%*	*7.32%*	*7.32%*	*7.29%*	*7.29%*	*7.29%*	*7.29%*	*7.29%*
Approved Rate of Return on Rate Base	*7.47%*	*7.47%*	*7.47%*	*7.44%*	*7.44%*	*7.44%*	*7.44%*	*7.44%*
Higher end of Approved Range	*7.62%*	*7.62%*	*7.62%*	*7.59%*	*7.59%*	*7.59%*	*7.59%*	*7.59%*
Fallen below the Approved Range	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Exceeded the higher end of the Approved Range	No	No	No	No	No	No	No	No