

1 Q. (June 19, 2014 Settlement Discussions - Second Interim Rate Application) At the
2 settlement meeting, legal and/or regulatory challenges to Hydro's proposed Second
3 Interim Rates Application were proposed by various Parties. Please provide a
4 defense of why Hydro's proposal is not contrary to legal and/or regulatory
5 requisites in the Province.

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8 A. Hydro's proposal for revenue recognition on an interim basis is to deal with the
9 2014 net income shortfall that is accumulating as a result of the GRA process taking
10 longer than anticipated.

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12 Hydro's proposal is consistent with past regulatory practices of the Board in dealing
13 with applications of both Hydro and Newfoundland Power. See Hydro's response to
14 SIR-PUB-NLH-006.

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16 In addition, the 2012 decision of the Newfoundland and Labrador Court of Appeal
17 (*Newfoundland and Labrador Hydro v. Newfoundland and Labrador (Board of*
18 *Commissioners of Public Utilities)* 2012 NLCA 38), especially paragraphs 60-65, 116-
19 121 and 128-136) is authority for the Board's jurisdiction and power to be able to
20 make an interim disposition of a portion of the RSP balance in the manner
21 requested by Hydro in this matter.