

1 **Q. Hydro's 2014 forecast employee future benefit costs are approximately \$3.5 million**
2 **higher than included in the 2007 Test Year, mainly due to the decrease in the**
3 **discount rate.**

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5 **Does Newfoundland Power believe it would be reasonable for the Board to approve**
6 **on an interim basis, until 2014 costs are fully tested in 2015, a cost deferral account**
7 **for Hydro to be charged with full amount of the difference in 2014 revenue between**
8 **the 2007 Test Year approved employee future benefit costs and the 2014 forecast**
9 **employee future benefit costs? If no, please explain why?**

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11 A. Newfoundland Power is not in a position to assess the reasonableness of the proposition
12 contained in this question when (i) Newfoundland and Labrador Hydro ("Hydro") has not
13 made application to the Board for the relief described, and (ii) there is no evidence
14 concerning 2014 forecast employee future benefit costs or *any* 2007 test year costs before
15 the Board on the Second Interim Rates Application.

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17 Newfoundland Power does believe it is reasonable for the Board to approve deferred
18 recovery of costs in circumstances where (i) the evidentiary record before the Board
19 supports the deferral sought, and (ii) the deferral sought is consistent with sound
20 regulatory principles.

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22 Please see the responses to Requests for Information SIR-NLH-NP-015 and SIR-NLH-
23 NP-016 for further information concerning regulatory alternatives which may be useful to
24 Hydro.