

1 **Q. In its Order No. P.U. 17 (2012) dated June 15<sup>th</sup>, 2012 related to an application by NP**  
2 **for approval of a just and reasonable return on rate base for 2012, the Board**  
3 **approved the deferred recovery of the difference between the then existing return**  
4 **on common equity of 8.38% and the proposed 8.80% return on common equity for**  
5 **2012. The recovery of the additional revenue requirement for 2012 was deferred**  
6 **and, in Order No. P.U. 13 (2013), approved for recovery over three years.**

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8 **In its GRA filing on September 14, 2012, NP requested that the Board approve the**  
9 **implementation of a deferral and recovery mechanism whereby NP would be able to**  
10 **earn its full 2013 revenue commencing January 1, 2013. In its application NP**  
11 **applied for the recovery, over a three year period, of a forecast 2013 revenue**  
12 **shortfall that would effectively achieve a rate implementation of January 1, 2013 as**  
13 **rates were forecast to be implemented March 1, 2013. In Order No. P.U. 13 (2013),**  
14 **the Board approved the deferral and recovery of a higher deferral amount which**  
15 **resulted from a change in rate implementation from the assumed date of March 1,**  
16 **2013 in the September 2012 GRA filing to the actual rate implementation date of**  
17 **July 1, 2013.**

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19 **As described above, NP's most recent GRA included approval of two separate**  
20 **deferral and recovery amounts related to approval of just and reasonable returns**  
21 **for NP in both 2012 and 2013. What is NP's opinion on the considerations the**  
22 **Board should use in applying these precedents in its ruling on Hydro's request for a**  
23 **just and reasonable return in 2014. Please describe in detail.**

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25 **A. Please refer to the response to Request for Information SIR-NLH-NP-010 for an**  
26 **explanation of the evidence before the Board relating to Newfoundland Power's 2012**  
27 **Cost of Capital and the creation of a deferred recovery account which formed the basis of**  
28 **Order No. P.U. 17 (2012).**

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30 **In Newfoundland Power's 2013/2014 General Rate Application the Board considered**  
31 **evidence related to recovery of the deferred recovery account created by Order No. P.U.**  
32 **17 (2012) and the shortfall associated with the timing of the implementation of new**  
33 **customer rates in 2013. In addition, as part of the process associated with Newfoundland**  
34 **Power's 2013/2014 General Rate Application, the Board had the benefit of (i) Grant**  
35 **Thornton LLP's assessment that the proposed recoveries did not appear unreasonable or**  
36 **not in accordance with Board Orders and (ii) a settlement agreement agreed by the**  
37 **Company and the Consumer Advocate was facilitated by Board Hearing Counsel which**  
38 **recommended approval of the recoveries.**

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40 **The evidentiary record before the Board on both of these applications provided the Board**  
41 **with a sound basis for regulatory decision-making. In Newfoundland Power's opinion,**  
42 **the Board should ensure a sound evidentiary basis exists to support any rulings it will**  
43 **make on Hydro's request for a just and reasonable return in 2014.**