

1 **Q. Page 3 of NP's Application indicates that the company is seeking to set rates in 2013**
2 **and 2014 that will recover the forecast revenue requirement in 2013 and 2014. This**
3 **application therefore proposes to adopt a two-year test period for this application.**
4

5 **Please discuss alternative approaches that would recognize the benefit to NP of pre-**
6 **collecting a portion of NP's forecast 2014 revenue requirement, such as using a**
7 **deferral account to capture the over-collection in 2013 and dispose of that over-**
8 **collection in 2014, with interest being credited on the deferral account balance.**
9

10 **A.** The proposed rates, if implemented on March 1, 2013, will provide Newfoundland Power
11 the opportunity to recover its 2013 forecast revenue requirement in 2013 and its 2014
12 forecast revenue requirement in 2014.¹
13

14 See responses to Requests for Information CA-NP-388, CA-NP-389, CA-NP-390,
15 CA-NP-391 and CA-NP-392.

¹ The forecast revenue requirement for each year reflects a proposed regulatory amortization to recover, over the period March 2013 to December 2015, a \$980,000 revenue shortfall for 2013 due to the timing of the March 1st rate change implementation date. See *Volume 1, Application and Company Evidence, Section 3.5.4 2013 Revenue Shortfall*, page 3-55 *et seq.*, and *Section 4.3 2013 and 2014 Revenue Requirements*, page 4-5, Table 4-5.