

1 **NP-CA-82**

2 **Reference: Page 14, Lines 5-6**

3 **Q. Does Mr. Todd agree that rates should provide Newfoundland Power**
4 **with the opportunity to recover prudently incurred costs of providing**
5 **service to its customers? If not, why not?**

6

7 A. Yes. It is a generally accepted regulatory principle that public utilities
8 should have a reasonable opportunity to recover their prudently incurred costs of
9 providing service to their customers.

10 In specific situations, the interpretation of “reasonable opportunity” is related to
11 the regulatory mechanism that is in place. For example, “reasonable opportunity”
12 may be interpreted slightly differently in the context of a pure cost pass-through
13 mechanism than it is in the context of an incentive mechanism.