

1 **Q. In reference to the evidence of Philip Hughes, page 18, line 13 – excess revenue**  
2 **account - please advise if Newfoundland Power is committed to return to the excess**  
3 **revenue account any amounts earned by Newfoundland Power above the range of**  
4 **return on equity which the Board will establish for Newfoundland Power in this**  
5 **proceeding.**

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7 A. Please refer to the Company's response to CA-512.

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9 Effectively, the Court concluded in the Stated Case that Newfoundland Power's returns  
10 are regulated with reference to return on rate base rather than return on equity.

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12 In Order No. P.U.36 (1998-99), the Board approved a revised definition of the Excess  
13 Revenue Account incorporating the effect of the Court's ruling with respect to the  
14 regulation of the Company's returns. This revised definition is set out in the Company's  
15 response to Request for Information CA-317.

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17 The Company is committed to compliance with the orders of the Board respecting its  
18 earnings including the operation of the Excess Revenue Account. In that regard, the  
19 Board has confirmed, in Order No. P.U. 37 (1998-99), that excess earnings of  
20 Newfoundland Power shall be determined with reference to return on rate base, and not  
21 with reference to return on equity.