

1 **Q. In reference to CA321, Newfoundland Power has indicated that there is a liability of**  
2 **approximately \$14 million, including accrued interest should Newfoundland Power**  
3 **be unsuccessful in defending its method of recognizing revenue before the Tax**  
4 **Court of Canada. Please advise as to the rate increase which will be required to**  
5 **recover the revenue from rates should Newfoundland Power be unsuccessful.**  
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7 A. It would be difficult to determine the impact on rates in a future year should  
8 Newfoundland Power be unsuccessful with respect to this outstanding income tax issue,  
9 as other factors may have to be addressed at that time, including the revenue recognition  
10 study and the Unbilled Revenue Increase Reserve.