

1 **Q. In reference to 2.5 Cost Recovery for PUB Hearing Cost, it is noted that the**  
2 **Applicant employs its own counsel and also retains outside counsel. Please advise as**  
3 **to the external cost associated with outside counsel pertaining to Board matters and**  
4 **for which ratepayers are ultimately responsible for the last five years. Has the**  
5 **Applicant conducted a value for money analysis in terms of outside legal costs**  
6 **versus the cost of employing further counsel within Newfoundland Power to lessen**  
7 **the burden imposed to ratepayers through outside retention?**  
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9 A. The referenced external hearing costs of \$853,000 in **6.1 Rate Base: Additions,**  
10 **Deductions & Allowances, Section 2.5 Cost Recovery Deferral – Hearing Costs** are  
11 Board and Consumer Advocate hearing costs related to Newfoundland Power’s  
12 2016/2017 General Rate Application (“GRA”). Those costs do not include the  
13 Company’s legal costs.<sup>1</sup>  
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15 Newfoundland Power’s external costs associated with outside counsel for the 5 years  
16 ending in 2016 were approximately \$324,000 per year. This is approximately 12% lower  
17 than the Company’s annual external costs associated with outside counsel of  
18 approximately \$368,000 for the 5 years ending in 2006.  
19

20 Newfoundland Power’s effective management of legal costs over the past decade has  
21 reduced the amount of legal costs which are reflected in Newfoundland Power’s revenue  
22 requirements. This reduction has occurred notwithstanding a historically busy regulatory  
23 agenda.  
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25 Newfoundland Power is not aware of what a value for money analysis entails. Therefore,  
26 the Company has not completed such an analysis.

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<sup>1</sup> In Order No. P.U. 18 (2016), the Board approved the recovery of Board and Consumer Advocate hearing costs in customer rates over the period July 1, 2016 through December 31, 2018. The amortization included in the 2017 test year, upon which customer rates are based, is \$341,000.