

- 1 **Q. (Reference PUB-NP-010) It is stated “As described above, Newfoundland Power**
2 **intends to continue managing its capital and operating costs in a manner consistent**
3 **with maintaining reliable, least-cost service to its customers in all operating**
4 **environments and economic conditions.”**
5
6 **a) Does Newfoundland Power believe that regulation should act as a surrogate**
7 **for competition when determining a reasonable return for itself, but not with**
8 **respect to the resulting costs imposed on its customers?**
9 **b) Could ignoring the poor Provincial economy and its impact on customers be**
10 **considered a form of market power abuse and predatory pricing, or is**
11 **Newfoundland Power of the opinion that this falls under the responsibility of**
12 **the Board, so if the Board approves Newfoundland Power’s cost proposals it**
13 **has in fact decided that the economic impacts on customers have been**
14 **adequately addressed? Does Newfoundland Power believe that the Board**
15 **must consider impacts of the economy on competitive companies and their**
16 **ability to extract higher prices from customers and replicate these impacts in**
17 **its decisions?**
18
19 **A. a) In Newfoundland Power’s view, regulation is designed to ensure customers**
20 **receive safe and reliable service at reasonable rates, and must seek to balance the**
21 **interests of customers and the utility. This is consistent with the views of the**
22 **Board, as described in part (c) of Request for Information CA-NP-194.**
23
24 **b) In Newfoundland Power’s view, the requirements of the provincial power policy**
25 **apply in all economic conditions, including the requirements to provide just and**
26 **reasonable rates and least-cost, reliable service to customers. See part (d) of**
27 **Request for Information CA-NP-194.**