

- NP-289 On page 4 of Mr. Bowman's evidence, reference is to the many benefits from "time-varying demand and energy charges". Provide evidence that indicates that Hydro's production costs vary by time-of-day.
- NP-290 At page 4 of Mr. Bowman's evidence it is stated, "The current design with only a flat per kWh charge sends incorrect price signals to Newfoundland Power and is not reflective of the costs it imposes on the system." If the rate to Newfoundland Power is directly derived from the cost of providing service as reflected in Hydro's cost of service study, then why does Mr. Bowman feel it is not reflective of the cost it imposes on the system?
- NP-291 At page 5 of Mr. Bowman's evidence it is indicated that Hydro should do a marginal cost study. Given the possibility of a Churchill Falls expansion and construction of a transmission line to the Island, what supply options does Mr. Bowman propose Hydro consider in performing such a study?
- NP-292 At page 9 of Mr. Bowman's evidence when referring to the rate design criteria of stability, it is stated "I believe stability is of lesser importance than the other criteria." On what basis does Mr. Bowman draw such a conclusion?
- NP-293 At page 11 of Mr. Bowman's evidence, it is stated "If Newfoundland Power's wholesale rate were properly designed to reflect marginal supply costs while recovering the revenue requirement, it would not be necessary to look beyond the wholesale rate design." Since marginal costs and embedded costs are almost never equal, how can rates be designed to recover marginal costs without over-recovering or under-recovering revenue requirements?
- NP-294 Please provide evidence to support the statement at page 12 that "the vast majority of utilities have demand charges and time-varying rates in their wholesale and retail tariffs" and indicate what percentage of wholesale tariffs to distribution utilities have both demand charges and time-varying components.
- NP-295 At page 17, Mr. Bowman states, "While the Rate Stabilization Plan does tend to reduce year-to-year volatility, it is my opinion that overall the plan is detrimental to consumers."
(a) Is this statement based on evidence or studies of any kind?
(b) How does Mr. Bowman measure when consumers are better off?

- NP-296 If the Board accepts Mr. Bowman's recommendation to "eliminate the Rate Stabilization Plan" (page 5), Hydro will have significant production cost volatility on an annual basis. How does Mr. Bowman propose to deal with the resulting production cost volatility in setting rates?
- NP-297 At page 11, Mr. Bowman referred to the 1996 Rate Hearing at which Newfoundland Power provided evidence indicating marginal costs are used to design rates to some degree. Therefore, would the implementation of a demand/energy wholesale rate to Newfoundland Power (based on marginal costs but recovering embedded costs) necessarily result in any change in the rates charged to the customers of Newfoundland Power?
- NP-298 At page 18 of Mr. Bowman's evidence, it is recommended that Regulation 10(g) be modified to "collect the full amount of any under-billings". Does Mr. Bowman envision any situations in which fairness would dictate that a customer be forgiven for past under-billings?

- NP-299 At page 19, Dr. Wilson discusses Hydro's lack of a seasonal rate, and states, "In short, in order for Hydro's rates to reasonably reflect costs, seasonal cost variations should be reflected. Conversely, if it is argued that the dominance of stored hydro generation overrides justification of seasonal rate differentials, then the attribution of hydroelectric capacity costs to demand and the allocation of these costs based on winter peak is inappropriate." Does Dr. Wilson have an opinion as to which of these two is the case, and if not, what is required for the Board to reach an informed opinion on it in this case?
- NP-300 At page 21, Dr. Wilson discusses the lack of a demand rate to Newfoundland Power, and states, "It would be far better, and a more reasonable regulatory procedure, to calibrate Hydro's costs and wholesale rate structure in this proceeding so that retail rate design in the next NP case can reflect the appropriate cost-based charges that NP will actually realize as its retail sales volume changes." Since a large share of Newfoundland Power's customers are served at non-demand rates themselves, why would having Newfoundland Power pay a demand charge link the revenue that Newfoundland Power receives from these customers more closely to the charges Newfoundland Power sees as the load changes?
- NP-301 In Dr. Wilson's opinion, are the costs of serving the demands of Newfoundland Power reflected in Hydro's cost of service study that is used to directly derive the rate to Newfoundland Power?
- NP-302 At page 22, Dr. Wilson states "rates which reflect marginal cost responsibility are more allocatively efficient and better embody the principles of fairness, equity and causal responsibility..." Why does Dr. Wilson think marginal cost-based rates are more **fair** than embedded cost-based rates, and does Dr. Wilson believe most of society shares that opinion?

NP-303

Provide a copy of AEUB Decision U99099 referred to at p. 13-34, line 3 of Dr. Vilberts' evidence.