

1 Q. What effect would any revision to the values for Newfoundland Power's rate  
2 base, for use in the automatic adjustment formula for the calculation of return  
3 on rate base by the Public Utilities Board, have on Newfoundland Hydro's  
4 revenues? If there is a change in the rate of return following the application  
5 of the automatic adjustment formula, would any such change have an effect  
6 on Newfoundland Hydro's revenues?

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8 A. Any change in Newfoundland Power's rate base or rate of return, which  
9 results in changes to their customers' rates, will also result in changes to  
10 Hydro's Rural Isolated and Island Interconnected customers' rates, thus  
11 affecting Hydro's revenues. There is, however, a provision included in the  
12 RSP requiring that the RSP be credited or charged with all revenue resulting  
13 from such rate changes.