

1 Q. (Re: p. 10, lines 19-21)

2 Mr. Bowman states that "A simple rate design such as this is generally limited to
3 low volume residential customers where it is not cost effective to have more
4 administratively complex and costly metering and billing systems." Given the
5 very large proportion that this customer group is for Newfoundland Power, please
6 explain how the benefits would exceed the costs as described on p. 12 lines 14 –
7 18.

8

9 ANSWER:

10 Mr. Bowman is referring to Hydro's wholesale power rate for Newfoundland
11 Power rather than Newfoundland Power's retail rates. In order for the benefits to
12 exceed costs, the costs of additional metering and billing under an alternative
13 wholesale rate structure would be compared to the benefits deriving from demand
14 shifting, customer satisfaction and fairness (Hydro's rate design criteria related to
15 cost-based rates). Some judgment will obviously be required when valuing
16 fairness and customer satisfaction.