

1 Q. (a) Further to IC-73, in the April 2001 RSP Report, explain the \$696,000
2 charge to the RSP under the heading Rural Change Adjustment.

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4 (b) If the charge referred to in part (a) refers to a refund to Hydro Rural
5 customers, justify:

6 (i) the refund; and

7 (ii) charging the refund to customers of Newfoundland Power
8 through the RSP.

9

10 (c) If the charge referred to in part (a) refers to a refund to Hydro Rural
11 customers, did Hydro request the Board's approval of the refund?
12 Provide a copy of any documentation to or from the Board relating to
13 the refund.

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16 A. (a) The \$ 696,000 charge to the RSP under the heading Rural Change
17 Adjustment is the net result of changes in the rural revenues during
18 April, 2001 which Hydro recorded in its financial records in compliance
19 with the recommendation in the Board's February, 1993 Report. An
20 amount of \$773,000 was a result of a rebate given Hydro Rural
21 Isolated and Island Interconnected customers. This was done in the
22 same manner as Newfoundland Power's customer's who were given a
23 rebate as a result of the resolution of a tax issue in 2000. This amount
24 was offset by the monthly Rural Change Adjustment of \$77,000.

1 (b) As a result of the January 1992 Rate Hearing, the Board
2 recommended that Hydro continue to track Newfoundland Power rates
3 for the Rural Interconnected customers, and for the first 700 kWh for
4 Isolated Rural customers.

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6 However, in the PUB report as a result of that rate hearing, the Board
7 also recommended that:

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9 “At the hearing on Hydro’s Cost of Service methodology Hydro
10 present for the consideration of the Board a provision to be included in
11 the RSP requiring that the RSP be credited with the additional
12 revenue received by Hydro as a result of Newfoundland Power’s rate
13 adjustments.”

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15 At the 1993 cost of service methodology hearing, Hydro presented a
16 proposal to the Board which was subsequently accepted and states, in
17 part, that:

18
19 “the policy apply to all alterations (increases and decreases) to
20 Newfoundland Power rates that could result in a change in Hydro’s
21 rural revenues.”

22
23 Hydro has followed this policy since its implementation in 1993.

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25 (c) Hydro considers the approval of its proposal at the 1993 hearing as its
26 authority to record the April charge to the RSP and therefore further
27 approval of the Board was not requested.