

1 Q. Further to NP-137, the cost recovery targets proposed by PRH page 5 are:
2 Domestic 95%, General Service 105% to 115%, Street Lighting 100%. In
3 P.U. 7, 1996-97, page 87, the Board stated:

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5 “The Board agrees with the philosophy that is not necessary to achieve a
6 100% revenue to cost ratio for all classes and takes no exception to a
7 variance of up to 10%, i.e., to achieve between 90% to 110% of the cost of
8 service in revenue.”

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10 Why is Hydro proposing a guideline for General Service cost recovery with
11 an upper limit outside the 10% variance accepted by the Board for
12 Newfoundland Power’s rates?

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15 A. As stated in NP-137, the General Service classes will average approximately
16 108% cost recovery based on 95% cost recovery for the Domestic class.
17 Therefore, 105% to 115% allowed more flexibility to achieve the 95% target
18 for Domestic. If the Domestic target is deemed inappropriate, the General
19 Service range can be modified to the 100% to 110% range noted above.