

1     Q.     On page 14, lines 8 to 11 of his Pre-filed Evidence, Mr. Greneman states  
2             "We have therefore recommended that NLH implement a demand/energy  
3             rate structure of the form discussed in the study as Exhibit RDG-2 entitled  
4             "Review of Rate Design for Newfoundland Power". On page 3, lines 26 to 27  
5             of Mr. Banfield's Pre-filed Evidence, he states "Subject to resolution of these  
6             issues, Hydro recommends that such a rate be implemented instead of the  
7             energy only rate outlined above". Within the context of these statements,  
8             please respond to the following:  
9

10           (a)     What is NLH proposing for Board approval with regard to a rate design  
11                     for Newfoundland Power?  
12

13           (b)     What are NLH's plans with regard to the rate for Newfoundland  
14                     Power?  
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16           (c)     Please reconcile the above statements with the following statement  
17                     from the April 9, 2003 report by NLH's consultant, and attributed to the  
18                     Board "If the Electricity Policy Review currently underway does not  
19                     address this issue as put before the Board at the pre-hearing  
20                     conference in September 1998, the Board will address it at NLH's next  
21                     general rate hearing. At that time the Board will expect NLH to file  
22                     supporting evidence with its application to address the demand energy  
23                     pricing issues raised at this hearing". Please explain how NLH has  
24                     met the Board's expectation expressed in this statement.  
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26           (d)     Did NLH's consultant study the value of time-varying charges in the  
27                     NP rate structure, and if so, what were the conclusions?

- A. (a) Hydro is recommending that the rate form as contained in the Stone and Webster report entitled, “Review of Rate Design for Newfoundland Power” and filed as Exhibit RDG-2, be implemented instead of the energy only rate. Hydro believes that the issues referred to in Exhibit RDG-2 concerning the implementation of such a rate can be resolved either through mediation, prior to the hearing, or during the hearing process.
- (b) Upon resolution of the issues identified in Exhibit RDG-2 and approval by the Board, Hydro will implement a demand energy rate for NP.
- (c) Hydro has met the Board’s expectation “to file supporting evidence with its application ...” by filing Exhibit RDG-2.
- (d) Stone & Webster did not study the value of time-varying charges in the NP rate structure other than the amount of monthly generation and marginal cost of energy from Holyrood, which was factored into the sample demand-energy rate to NP.