

**Q. Please explain in detail any additional costs, other than purchased power, for NP if sales exceed the load forecast by 5% and explain in detail how the above situation would be addressed by Hydro's RSP and by NP's rate stabilization mechanisms.**

**A.** In the short-term, any additional costs other than purchased power expense would likely be immaterial.

If Hydro's energy sales to Newfoundland Power exceed forecast, the increased revenue to Hydro would be dealt with through the load variation component of the RSP.

Newfoundland Power does not have a load variation account to deal with non-weather related customer usage variations from forecast.

Newfoundland Power's Rate Stabilization Account (RSA) is effectively a flow-through account, primarily in place to ensure the proper recovery from Newfoundland Power's customers of the Retail RSP amounts determined by Hydro. As explained in Newfoundland Power's response to Request for Information NLH-64 NP, the Retail RSP adjustments do not affect Newfoundland Power's purchased power expense.