

Reference NLH-56 NP

Q. Further to the previous question and the response to NLH-56 NP, please provide the impacts to the RSA adjustment and the Weather Normalization Reserve if Newfoundland Power spilled 40 GWh of energy thereby producing 40 GWh less hydraulic energy during the non-winter period.

A. If, for any reason, the energy purchases of Newfoundland Power exceed the Hydro test year forecast, the difference between the increased revenue to Hydro and the increased fuel cost to Hydro is dealt with through the Rate Stabilization Plan. Newfoundland Power's portion of the Rate Stabilization Plan is flowed to its customers through the RSA.

If Newfoundland Power spills an additional 40 GWh, the cost of increased purchases is charged to the Hydro Equalization Reserve component of the Weather Normalization Reserve based on the purchased power mill rate. For a description of the Weather Normalization Reserve and how activity in the reserve may impact Newfoundland Power's customers, please refer to the Company's Response to Request for Information NLH-214 NP.