

1 **Q. Further to the response to NLH-59 NP, Newfoundland Power states that “RSP**
2 **adjustments have no impact on Newfoundland Power’s purchased power expense**
3 **and therefore provide no signal to Newfoundland Power with respect to**
4 **management of its hydraulic generation.” Does Newfoundland Power consider**
5 **payments to Hydro for power and energy which are passed on to its customers**
6 **through the RSP to be some form of signal to the utility with respect to the**
7 **management of its hydraulic generation? Please discuss in relation to**
8 **Newfoundland Power’s consideration of the weighting given to a cost to its customer**
9 **versus a benefit to its shareholder.**

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11 **A.** RSP balances and price adjustments are a signal to Newfoundland Power and its
12 customers on the cost of power. No price signal is required by Newfoundland Power to
13 ensure the efficient management of its hydraulic generation.
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15 Newfoundland Power operates its hydraulic generating facilities in the best interests of
16 the overall system in accordance with Section 3(b)(i) of the *Electrical Power Control*
17 *Act, 1994* which states that all sources and facilities for the production, transmission and
18 distribution of power in the province should be managed and operated in a manner that
19 would result in the most efficient production, transmission and distribution of power.
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21 It is Newfoundland Power’s position that the Sample Rate proposed by Hydro should not
22 be implemented for the reasons outlined in Newfoundland Power’s Prefiled Evidence,
23 including that it provides an incentive for the management of generation facilities that is
24 contrary to Section 3(b)(i) of the *Electrical Power Control Act* and is therefore
25 inappropriate.