

Perry and Henderson

Q. Do you agree that the existing RSP load variation provision would negate any incentive for Newfoundland Power to alter its management of seasonal water storage patterns and the likelihood of spill by stabilizing energy sales to test your (sic) loads and revenue? If not, why not.

A. As explained in the Company's response to Request for Information NLH-64 NP, RSP adjustments have no impact on Newfoundland Power's purchased power expense, and therefore provide no signal to Newfoundland Power with respect to management of its hydraulic generation.