

Perry and Henderson

Q. If a demand energy rate structure and the November to March demand price signal is approved, can this be reflected in the form of seasonal rates to domestic customers? If so, what effect could this potentially have on electric heat customers?

A. With or without a wholesale demand/energy rate structure, Newfoundland Power can reflect seasonal differences in system demand costs in the form of seasonal energy rates to its domestic customers.

A seasonal energy rate that is higher during the winter season and lower in summer will tend to increase overall costs to Newfoundland Power's approximately 104,000 Domestic customers with electric heat. A seasonal energy rate with higher charges during the winter will also result in increased costs to those Newfoundland Power General Service customers who have predominantly higher usage in winter months.