

Perry and Henderson

(Re: Page 13, lines 7-12)

Q. It is stated that, “The energy-only wholesale rate from Hydro combined with the high percentage of Newfoundland Power’s revenue recovered through energy charges results in a strong relationship between revenue and purchased power expense. This relationship is shown in Chart 1 below.”

Does NP agree that the chart presented in the evidence does not have a true relationship to the manner in which Hydro’s costs are incurred, i.e., having demand and energy components, but simply demonstrates that NP gets billed for energy each month on a kWh basis and receives revenues from its customers on a predominately kWh basis? If not, why?

A. Chart 1 demonstrates the relationship between Newfoundland Power’s revenue and purchase power expense. Chart 1 reflects the fact that Newfoundland Power is billed for energy each month on a kWh basis and receives revenues from its customers, the majority of whom are Domestic (approximately 86%), on a predominately kWh basis.