

1     Q.     Is Hydro proposing a method that is consistent to NP's for calculating service  
2           and connection fees, or is it accepting NP's actual service and connection  
3           fees? (Reference Section 7, page 22)

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5           If the answer is "yes", please provide a justification and breakdown of the  
6           proposed \$8.00 service fee into (i) directly attributable costs, and (ii)  
7           allocated or assigned costs.

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9           If the answer is "no", please provide a discussion to justify why Hydro should  
10          rely on another utility's cost's structure to set its own schedule of service and  
11          connection fees.

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14     A.     The proposed changes to the Rules and Regulations are consistent with  
15           normal utility practice that customers served from the same system (where  
16           there are common costs) pay the same rates. Hydro believes that no  
17           discrimination should exist by virtue of the existence of two utilities in this  
18           province.

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20          Hydro conducted an analysis of the proposed changes to the rules and  
21          regulations sought by Newfoundland Power and subsequently approved by  
22          the Board.

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24          Hydro accepts Newfoundland Power's service and connection fees. Under  
25          Order No. P. U. 7 (2002-2003) (Paragraph no. 25, p. 180) Hydro was ordered  
26          to continue to automatically adjust its rates so that the rates are the same as  
27          the rates charged by Newfoundland Power to its customers.

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1       The application fee is the administrative cost of processing a customer  
2       application for new service. This fee was proposed by Newfoundland Power  
3       and incorporated in the Rules and Regulations effective January 1, 1997.  
4       Hydro accepted these fees based on Newfoundland Power's cost at that  
5       time. Hydro, with minor exceptions, has the same set of Rules and  
6       Regulations as Newfoundland Power. Hydro accepts the recent review of  
7       the cost of processing a name change by Newfoundland Power which  
8       showed that the costs had dropped primarily due to reduced time for  
9       processing the application. As a result, the estimated cost of completing an  
10      application for a name change at an existing premises is approximately the  
11      same as the cost of completing an application for a new service. The  
12      reduction in the application fee for name changes Regulation 9(o) will reduce  
13      Hydro's miscellaneous revenue by approximately \$18,000 in 2004.

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15      A recent review of the cost of providing account statements by Newfoundland  
16      Power indicates a significant reduction in the cost of providing this service.  
17      Hydro concurs that the cost reduction is mainly attributable to the automation  
18      of the statement preparation. This change is not forecast to affect  
19      miscellaneous revenue.

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21      Hydro is proposing to change its Regulations to permit charging the  
22      reconnect fee to new customers where a reconnection of service is required  
23      subsequent to a request by a landlord to disconnect an apartment. New  
24      customers in apartments that are required to pay the reconnection fee will  
25      not be required to pay the application fee. Regulation 9(f) currently allows  
26      Hydro to charge for reconnections in most situations except where a landlord  
27      requests disconnection for a change in tenancy. This change is not forecast  
28      to affect miscellaneous revenue.