

1 **Q.** Assuming NP's GRA proceeded on June 1, 2015 and the resulting change to revenue  
 2 requirement was the same \$4.0 million from this application, please complete the  
 3 following table:  
 4

Rates Effective	January 1 2016	February 1 2016	March 1 2016	April 1 2016	May 1 2016	June 1 2016	July 1 2016
Effective Recovery (%)	100%						
Effective Recovery (\$ millions)	4.0						

5  
 6 **A.** The assumption upon which this Request for Information is based is incorrect.

7  
 8 If Newfoundland Power filed a general rate application ("GRA") on June 1, 2015, the  
 9 resulting change to revenue requirement would *not* be the same as the approximately \$4  
 10 million for which 2016 deferred cost recovery is requested in this Application.

11  
 12 As is indicated in the evidence filed in support of the Application, a Newfoundland  
 13 Power GRA practically requires certain costs, including forecast electricity supply and  
 14 employee future benefit costs, to be reconciled with forecast revenue from rates for the  
 15 test period. The effect of this rebalancing can be material. For example, in  
 16 Newfoundland Power's 2013/2014 GRA, rebalancing 2013 and 2014 supply costs with  
 17 revenue from rates accounted for an approximate 2.6% increase in customer rates.<sup>1</sup>

18  
 19 Between test periods, changes in these costs are recovered/rebated through the Rate  
 20 Stabilization Account. For a Newfoundland Power GRA with a 2016 test year, the effect  
 21 of this rebalancing is currently estimated to be approximately \$7 million, or an  
 22 approximate 1.1% increase in customer rates.<sup>2</sup>

<sup>1</sup> See *Newfoundland Power 2013/2014 General Rate Application, Company Evidence, Section 1: Introduction*, page 1-5, lines 13 to 19.

<sup>2</sup> Refer to footnote 33 of the evidence filed in support of the Application.