

1 **Q. Newfoundland Power’s Draft Customer RSP Refund Plan dated January 8, 2016,**
2 **section 3.2 states:**

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4 **“The Company will be entitled to credit a Refund to which a**
5 **Customer is entitled under the Plan against an existing outstanding**
6 **balance owed by that Customer to the Company.”**

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8 **If this approach is approved by the Board, what would the impact be on NP’s**
9 **Uncollectible Bills expense in the 2016 and 2017 Test Years?**

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11 A. Newfoundland Power’s Draft Customer Refund Plan (the “Draft Plan”) related to
12 Newfoundland and Labrador Hydro’s (“Hydro”) Rate Stabilization Plan (“RSP”) surplus
13 was provided to the Consumer Advocate for comment on January 8, 2016. The Draft
14 Plan contemplates a one-time credit of a refund against an existing balance owed by a
15 customer to Newfoundland Power with any remainder of the refund paid by cheque to the
16 customer.

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18 The Hydro RSP surplus includes amounts that Hydro received from ratepayers (including
19 Newfoundland Power’s customers) over the period from January 2007 to August 2013
20 which were in excess of Hydro’s costs together with interest. The Draft Plan provides a
21 proposed basis to refund Newfoundland Power’s customers’ share of Hydro’s RSP
22 surplus to Newfoundland Power’s customers.

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24 In *OC 2013-089* and *OC 2013-091*, the Government of Newfoundland and Labrador
25 directed, in effect, that Hydro file a plan to provide refunds related to the RSP surplus to
26 rate payers as part of its recent general rate application. In Order No. P.U. 9 (2014), the
27 Board considered an October 2013 Hydro application related to the Hydro RSP surplus.
28 This Order was appealed by the Consumer Advocate and Hydro and the appeal was
29 resolved by a judgment of the Newfoundland and Labrador Court of Appeal in May
30 2015.

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32 The Draft Plan was developed by Newfoundland Power after it filed the *2016/2017*
33 *General Rate Application*. It was developed by Newfoundland Power to permit refund of
34 the Hydro RSP surplus to *Newfoundland Power’s customers*. The Draft Plan was
35 circulated for comments to Hydro and the Consumer Advocate in an effort by
36 Newfoundland Power to develop a consensus proposal for the consideration of the Board.
37 The Draft Plan which was circulated was clearly marked *DRAFT: FOR DISCUSSION*
38 *PURPOSES ONLY*.

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40 At this point, it is uncertain that the Draft Plan will form the basis of a consensus
41 proposal or whether it will be approved by the Board. This uncertainty reflects the
42 experience to date in relation to this matter.

1 Given these factors, Newfoundland Power has not included any potential cost impacts of
2 a possible refund to its customers from Hydro's RSP surplus in the material filed with the
3 *2016/2017 General Rate Application*. When a plan for refunding the Hydro surplus
4 becomes reasonably certain, the necessary evaluation of the cost impacts associated with
5 that plan can be reasonably undertaken. Depending upon the terms of the plan which is
6 ultimately approved by the Board, those cost impacts might affect Newfoundland
7 Power's Uncollectable Bill expense in 2016 or 2017.