

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

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4 **“Newfoundland Power’s cost to administer the Customer Refund Plan**
5 **is estimated to be approximately \$2.5 million.”**

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7 **Does NP plan to use staff and resources currently forecast in its Test Year**
8 **expenditures for the administration of the RSP Refund? Please explain.**

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10 **A.** Yes. Newfoundland Power expects to use some of its existing staff and resources to
11 administer the RSP Refund. However, only costs incremental to current Newfoundland
12 Power operations are expected to be included in the estimated cost to administer the RSP
13 refund.¹

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15 Newfoundland Power’s estimated costs to administer the Draft Customer Refund Plan
16 related to Newfoundland and Labrador Hydro’s (“Hydro”) Rate Stabilization Plan
17 (“RSP”) surplus (the “Draft Plan”) are not currently forecast in its 2016 and 2017 test
18 year expenditures. The estimated costs to administer the Draft Plan will be *incremental*
19 to current Newfoundland Power operations.

20
21 The costs expected to be incurred by Newfoundland Power to refund amounts related to
22 Hydro’s RSP surplus (whether in accordance with the Draft Plan or otherwise) will be
23 one-time additional costs. They will likely include such items as information technology
24 programming costs, additional customer service costs, advertising costs and 3rd party
25 banking costs. Newfoundland Power expects to be required to reasonably show that the
26 costs for which recovery is sought are incremental to existing operations.

¹ For example, Newfoundland Power’s existing billing equipment will be used to send letters to customers pertaining to the refund. However, the cost of this equipment will not be considered incremental. Overtime costs associated with existing customer service staff answering customer calls will be considered incremental to existing operations.