

1 Q. RE: Pre-Filed Evidence of Mr. C. Douglas Bowman, page 13:
2

3 "Further, since Rural and Isolated Customer rates are pegged to
4 Newfoundland Power rates which would be over-collection, they would also
5 be over-charged..."
6

7 Please confirm that the proposed rates to be charged to Hydro's Rural
8 customers are consistent with OC2017-121 and are still materially below the
9 rates required to fully recover the cost of providing service to those
10 customers.
11

12 A. Mr. Doug Bowman confirms that proposed rates to be charged to Hydro's Rural
13 customers are consistent with OC2017-121 and that they will be materially below
14 the rates that would fully recover the cost of providing service to these customers.
15 As stated by Hydro (Application Volume 1 (rev. 3), page 5.31, lines 16 - 17)
16 "*Hydro's rates for Rural Customers on the Island Interconnected and L'Anse au*
17 *Loup Systems are the same as the rates charged to Newfoundland Power*
18 *customers.*" Therefore, if Newfoundland Power rates were set at levels above the
19 cost of supply as proposed by Hydro, rates for Rural customers would collect more
20 than they would if Newfoundland Power rates were set at levels that reflected the
21 cost of supply. Further, as pointed out in the same paragraph in Mr. Doug
22 Bowman's pre-filed evidence (page 17), proposing rates for Newfoundland Power
23 that would collect more than the cost of supply, while proposing rates for Labrador
24 Interconnected Customers that would collect the cost of supply, would result in an
25 inappropriate amount of the rural subsidy being allocated to Newfoundland Power.
26 To be specific, Mr. Doug Bowman recommends that Newfoundland Power rates
27 be set at levels reflecting the cost of supply.