

- 1 **Q.** Please confirm that if the funds that accumulate in the proposed Off-Island  
2 **Purchases Deferral Account** were subsequently used to mitigate (lower) the  
3 **rates of Newfoundland Power, that Hydro's Rural and Isolated customers**  
4 **would correspondingly benefit from the disposition of the balance in the**  
5 **proposal deferral account.**  
6
- 7 **A.** Mr. Doug Bowman acknowledges that this is one possible outcome, but notes that  
8 the question states, *“if the funds that accumulate in the proposed off-Island*  
9 *Purchases Deferral Account were subsequently used to mitigate (lower) the rates*  
10 *of Newfoundland Power”*. First, the parties have not agreed to rate mitigation.  
11 Second, Hydro has not provided details on how balances would be disbursed to  
12 customer classes. Further, any disbursement of funds is years away, so it is not  
13 possible to know if Rural and Isolated customers would benefit from the  
14 disposition of the balance. Government policy relating to the rural deficit may  
15 change if rates for Island residential customers are doubled as forecast by Nalcor  
16 (Application Volume I (rev 3), page 5.6, lines 4-6), or if the Provincial  
17 Government steps in to *“keep rates at par with the forecast Atlantic Canada*  
18 *average of 17 cents per kWh”* (LAB-NLH-36).