

1 Q. Please confirm that the RSP and IC Rate Reviews were scheduled for completion by
2 January 1, 2008. Why are these studies not yet completed? What is the current
3 schedule and status for completion?

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6 A. The "Review of Industrial Customer Rate Design" report was filed with the Public
7 Utilities Board on February 5, 2008, as referred to in Request for Information CA-
8 NLH-5.

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10 There were numerous delays in the preparation of the RSP review, including:

- 11 • Awaiting the completion of the "Review of Industrial Customer Rate Design"
12 and "Review of Demand Billing to Newfoundland Power" reports, which
13 were filed with the Board on February 5, 2008 and April 18, 2008,
14 respectively.
- 15 • A series of party availability issues caused subsequent delays. The Industrial
16 Customer representative, Mr. David MacDonald, resigned in March 2008
17 and the new representative, Mr. Larry Marks was identified in May. Hydro
18 personnel availability was then disrupted due to unanticipated illness, and
19 over the summer months, all of the parties' vacation schedules resulted in
20 further delays.
- 21 • In the fall, it was determined that the possible implications of the
22 International Financial Reporting Standards (IFRS) required much further
23 discussions. Information sessions were held within both Newfoundland
24 Power and Hydro, and the similar IFRS issues for both utilities around the
25 RSP and Newfoundland Power's Rate Stabilization Adjustments, suggested it
26 would be prudent for the staff responsible for IFRS implementation at both
27 utilities to jointly discuss the IFRS implication of the RSP.

- 1 • The Board, in its letter of February 27, 2009 determined that the RSP review
2 could no longer be done in the context of the GRA from which it was
3 conceived, but the parties were free to seek RSP changes, if desired.
- 4 • IFRS have not yet been resolved, and it is Hydro's position that conclusions
5 regarding the continuation of the RSP or any fuel adjustment provisions
6 require consideration of the IFRS implications.