

1 Q. Should the Board decide that Hydro must refund in a lump sum any portion of the
2 balance of the Industrial Customers Rate Stabilization Plan, please describe any
3 direct or indirect implications regarding rates, cash flow, earnings, financing costs,
4 energy supply, or impact on past, present or future customers that should be
5 considered.

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8 A. The significant credit balance in the Industrial Customer RSP is mainly attributable
9 to fuel savings resulting from the shutdown of pulp and paper production on the
10 Island Interconnected System since January 1, 2007, the date that new rates were
11 last implemented for Industrial Customers. This unfortunate circumstance could
12 potentially result in windfall financial benefits (rates, cash flow, earnings and
13 financings costs) for Industrial Customers, either past, present or future, that should
14 more fairly be shared in another manner. It is Hydro's position that the Board has
15 the jurisdiction and the authority to allocate the credit in the Industrial RSP in a
16 manner that it deems most appropriate.

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18 It is Hydro's recommendation that the Board consider allocating the load variation
19 component of the RSP in the manner outlined in response to PUB-NLH-15 so that all
20 customers on the Island Interconnected System receive a fair portion of the fuel
21 savings which results from the industrial downturn since 2006. A lump sum form of
22 refund is one of the methods that could be employed to distribute the accumulated
23 savings to various customers. If the Board, for example, were to approve the
24 distribution of the December 31, 2009 forecast load variation component of the RSP
25 to all customers based on 2009 customer sales, the following credits would result:

RSP Components to be charged to Industrial Customers

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	Load Variation Allocation (includes interest) \$
Newfoundland Power	(23,807,129.10)
Abitibi-Price GF	(30,684.43)
Corner Brook	(529,477.44)
North Atlantic Refining	(1,049,318.57)
Teck Cominco Limited	(290,654.05)
Total	(25,707,263.58)