

1 Q. **Reference: Evidence on Rate Stabilization Plan – Surplus Refund Plan**

2 Please provide an explanation that could explain to Customer A why no refund is
3 being provided in the following circumstances given the RSP Surplus amount
4 accumulated over the period January 2007 to August 31st, 2013.

5 Customer A owns a fish plant that operated continuously for the period January
6 2007 to December 2012. Due to changes in the industry, Customer A shut down
7 operations completely in December 2012 to complete renovations on the facility to
8 be able to process a different product. Customer A reopened the facility in January
9 2014. However Customer A had no usage in 2013.

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12 A. Based on the assumption that the hearing into the matter of the NP RSP Surplus is
13 completed and after having received all the evidence and hearing all the parties'
14 arguments, Board approval is received to refund customer's based on Hydro's
15 proposed methodology, an explanation to customers could be comprised of the
16 following points:

- 17 • Since 1986, RSP amounts have always been collected from, or paid to,
18 customers who are currently on the system [Evidence, page 8];
- 19 • RSP rules give primary consideration to rate class rather than
20 individual customers [Evidence, page 9];
- 21 • In 2003, a similar size RSP balance (\$115 million) was owing from retail
22 customers and was collected over future consumption and not from
23 customers who had benefited from the fuel usage [Evidence, page 10];
- 24 • A refund based on historical consumption over a seven-year period
25 would likely be time consuming and costly and reduce the amount to
26 be paid to customers [Evidence, page 11];

- There is no accurate method to refund customers since even using historical consumption it will likely be determined that some customers have left the system and will not be able to be located [Evidence, page 12];
- In every known instance in other jurisdictions having a fuel mechanism, variances are collected from or refunded to customers based on future consumption [Lummus, page 3];
- In 2001 and 2003 Newfoundland Power provided rebates to customers based on a prospective basis [Lummus, page 3]; and
- The refund methodology was the subject of a public hearing process and has been approved by the Board.

Since Newfoundland Power has the vast majority of retail customers in the Province, Hydro anticipates that a coordinated effort between Newfoundland Power and Hydro to develop appropriate customer information and a communication plan once a refund methodology and time frame has been approved by the Board.