

- 1 Q. Further to the response to Request for Information SR-NP-NLH-038, page 2, lines
2 13-18: Hydro stated:
3 *“With regard to Isolated Systems Customers, it becomes clearer that Government’s*
4 *intention on rates policies is with respect to the effective rate that Rural Customers*
5 *pay. Rate changes for electricity consumption above the Lifeline Block is described*
6 *as follows: “Rates charged for consumption above this block will be automatically*
7 *adjusted by **the average rate of change** granted Newfoundland Power from time to*
8 *time” (emphasis added).”*
9 Given the average rate of change to reflect approved rate changes in Newfoundland
10 Power customer rates is applied to the **published rate** for Hydro Rural customers
11 above the Lifeline Block, please provide further explanation as to how this excerpt is
12 reflective of Government’s intention regarding “effective rates” vs. “published
13 rates” .
14
15
16 A. In Hydro’s view, once rates were historically established for Rural Customers
17 Government directed that these rates remain in line with equivalent Newfoundland
18 Power customers’ rates. This is most clearly seen in cases where there are no
19 equivalent published rates, such as consumption for the “Above the Lifeline Block”
20 for Domestic customers and in the case of Rural General Service customers’ rates.
21 In both cases, the effective rate of change of equivalent Newfoundland Power
22 customers’ rates is used to continue aligning similar Rural Customers’ rates.
23
24 Using this principle, that is “a Newfoundland Power customer effective rate change
25 will result in a similar change in Rural Customers rates”, leads to Hydro’s position
26 that when a refund is given to Newfoundland Power customers’ an equivalent
27 refund must be given to Rural Customers.