

1 Q. Further to the response to Request for Information SR-NP-NLH-032, please update
2 this response to reflect the preliminary estimate of Newfoundland Power's
3 administrative costs that was provided to Hydro on October 2, 2013 in advance of
4 its filing of its refund plan in this proceeding (i.e., approximately \$1.8 million).

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7 A. Request for information SR-NP-NLH-032 states as follows:

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9 *Reference: Evidence on Rate Stabilization Plan – Surplus Refund Plan*

10 *Does Hydro believe that the administrative costs, including Newfoundland Power's*
11 *administrative costs, of refunding the Newfoundland Power Surplus amount based*
12 *upon the period in which the RSP Surplus funds accumulated (i.e., January 1, 2007*
13 *to August 31, 2013), would significantly diminish the value of the RSP Surplus*
14 *refund? As part of the response, please numerically demonstrate the projected*
15 *administrative cost per customer relative to the projected refund per customer.*
16 *(Surplus Refund Plan, Page 11, Lines 22-25)*

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18 In its response to SR-NP-NLH-032, Hydro did not use the preliminary estimate of
19 Newfoundland Power's administrative costs of \$1.8 million because Hydro had
20 requested additional details be provided supporting these amounts, for example,
21 whether the NP administrative costs were solely incremental. To date Hydro has
22 not received the requested information. The table below includes both Hydro's
23 costs and the costs provided by NP and total \$2.08 million which represents
24 approximately 1.8% of the value of the RSP Surplus calculated as follows:

	Based on refund to customers of record from January 1, 2007 to August 31, 2013	Based on refund to customers of record in April 2014
NP Administrative Costs	\$1.77 million	\$1.38 million ¹
Hydro Administrative Incremental Costs	\$0.31 million	\$0.07 million
Total Administrative Costs	\$2.08 million	\$1.45 million
Total RSP Surplus Refund as at March 31, 2014	\$117.5 million	\$117.5 million
Refund as % of Costs	1.8 %	1.2 %

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It is noted that the administrative costs of \$2.08 million based on the refund period of January 1, 2007 to August 31, 2013 are higher than the \$1.45 million costs based on a refund to customers of record in April 2014. Additionally, Hydro submits that a refund to customers on the system from January 1, 2007 to August 31, 2013 would carry more risk of a cost overrun related to administration costs in comparison with Hydro's proposal which is based on refunds to customers who are billed during April 2014.

¹ Provided by NP on October 2, 2013. Hydro had requested additional details be provided supporting these amounts, for example, whether the NP administrative costs were solely incremental. To date Hydro has not received the requested information. Hydro requested this information to determine the reasons the payout to customers who receive April 2014 bills was so high in relation to the option which covers the payout to customers who have monthly bills over the historical period January 1, 2007 to August 31, 2013.