

1 Q. Further to the response to Request for Information SR-NP-NLH-008 and SR-PUB-NLH-
2 012, Hydro indicated it is not proposing any differences in the refund approach for
3 Hydro Rural and Newfoundland Power customers (i.e., based upon customers' total
4 energy consumption on bills issued during 2013 for all customers). However, in
5 response to the Request for Information SR-PUB- NLH-006, Hydro presents a
6 proposed refund approach for Hydro Rural customers based upon a "% refund per NP
7 customer class."

8 Please reconcile the different approaches proposed by Hydro. In the response,
9 please explain if the use of a "% refund per NP customer class" approach in
10 determining the Hydro Rural refunds by class results in a different ¢ per kWh refund
11 amount per customer class and why such an approach is appropriate.
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14 A. The response to Request for Information SR-NP-NLH-008 and SR-PUB-NLH-012 is
15 based on Hydro's recommended Proactive Approach. The response to SR-PUB-NLH-
16 012 states, in part, as follows:
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18 *Hydro proposes based on its recommended Proactive Approach that*
19 *Newfoundland Power customers and Hydro Rural customers, whose rates*
20 *are based on Newfoundland Power's rates, be refunded the RSP Surplus on*
21 *their April 2014 electricity bills and that each customer's refund would be*
22 *based on total energy consumption on bills issued during the period January*
23 *1, 2013 to December 31, 2013.*
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25 The Request for Information SR-PUB-NLH-008 requests that a detailed calculation
26 be provided based on Hydro's Current Approach. As stated in the response,

1 ...Hydro normally completes its rate design process for Rural customers
2 after NP files its rate proposal with the Board since most Rural customers
3 pay rates that are based on the rates that NP customers pay. Since NP's
4 rate design process to refund the RSP surplus is not yet complete, Hydro
5 does not have the detailed information required to complete this request
6 for information.

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8 Hydro did provide in its response, however, what it understands to be an illustrative
9 calculation.

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11 To apply the RSP Surplus refund to its Rural Customers under the Current Approach,
12 Hydro requires the NP effective rate changes by class in a form similar to that
13 shown in SR-PUB-NLH-014, Attachment 1. Under the Current Approach, Hydro
14 would subsequently apply these effective rate changes to the 2013 billed revenue
15 to determine the refund for each eligible Rural Customer.

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17 The use of a percentage change applied to Rural Customer billing as is normally
18 applied in the Current Approach could result in a different ¢ per kWh refund
19 amount per customer class then using the Proactive Approach which proposes an
20 equal ¢ per kWh refund amount for NP and Rural Customers.

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22 Hydro does not have the detailed data in order to reconcile the Current Approach
23 and the Proactive Approach. As stated above, NP's rate design process to refund
24 the RSP surplus would have to be complete in order for Hydro to have the data for
25 the rate effect of the Current Approach. Additional data that would be required is
26 the effect on customers' rates that would occur in 2015. As described in Hydro's
27 RSP Surplus Evidence, Page 16, Lines 20 – 24, the Current Approach has a

1 subsequent rate effect when funds paid to Rural Customers are later collected
2 through the NP RSP.
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4 Hydro believes that its recommended Proactive Approach which results in an equal
5 ¢ per kWh refund amount for each NP and Rural Customer is an inherently fair
6 allocation methodology and also has the additional desirable attributes of simplicity
7 and understandability.