

1 Q. Further to the response to Request for Information SR-NP-NLH-030, provide an  
 2 estimate of the tax refund that would be provided to customers if the refund of the  
 3 Newfoundland Power RSP Surplus funds did fall under the rules of Section 232(2) of  
 4 the *Excise Tax Act*. In the response, assume the refund is based on a ¢ per kWh  
 5 adjustment applied to historical electricity consumption over the period January 1,  
 6 2007 to August 31, 2013 and provide separately the effects of HST and the 8%  
 7 Provincial Residential Energy Rebate.

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 10 A. Assuming the provisions set forth in Section 232(2) of the *Excise Tax Act* apply to  
 11 the refund of the Newfoundland Power RSP Surplus, Hydro estimates that the tax  
 12 refund would be approximately \$14.7 million as shown in the following table:  
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Estimate of Allocation of RSP Surplus Refund <sup>1</sup> (\$ millions)					
	Allocated Amount	HST	Prov Rebate	Net HST	Total Refund
2007	4.3	0.6	N/A	0.6	4.9
2008	7.8	1.0	N/A	1.0	8.8
2009	19.6	2.6	N/A	2.6	22.2
2010	21.7	2.8	N/A	2.8	24.5
2011	17.8	2.3	0.4	2.0	19.8
2012	23.1	3.0	1.8	1.2	24.3
2013	18.2	2.4	1.5	0.9	19.1
	112.6	14.7	3.7	11.0	123.6

<sup>1</sup> Based on the period January 1, 2007 to August 31, 2013. The balance as at March 31, 2014 is estimated to be \$117.5 million.

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 16 In its calculation, Hydro referred to Order No. P.U. 6(2013), which directed Hydro  
 17 to:

- 1) Credit \$49 million to the Island Industrial customers' Rate Stabilization Plan on August 31, 2013; and
- 2) Transfer the remaining balance in the January 1, 2007 to August 31, 2013 accumulated load variation component of the Rate Stabilization Plan to the Newfoundland Power Rate Stabilization Plan.

As such, Hydro's estimate of the tax refund included the following steps:

- 1) Computing a pro-rated calculation of the total balance in Newfoundland Power's Rate Stabilization Plan divided by the total accumulated load variation component of the Rate Stabilization Plan;
- 2) Applying the pro-rated percentage to the load variation buildup for each respective year to determine the refund attributable to each year; and
- 3) Applying the appropriate HST and Provincial Residential Energy Rebate to each year.