

1 Q. Paragraph 7 of Order in Council OC2013-089 as amended by OC2013-207 states
2 that:

3 *“Newfoundland Power’s portion of the Rate Stabilization Plan Surplus shall*
4 *be distributed as a direct payment or rebate to its ratepayers and shall not*
5 *be in the form of an electricity rate adjustment;”*

6 Explain how Hydro’s proposal to distribute an amount from Newfoundland Power’s
7 portion of the Rate Stabilization Plan Surplus to Hydro’s Rural customers is in
8 compliance with the Order in Council which states that (1) there is to be a direct
9 payment or rebate to Newfoundland Power’s ratepayers and (2) the RSP Surplus
10 adjustment shall not be in the form of an electricity rate adjustment.
11
12

13 A. Paragraph 6 of the above-quoted OC2013-089 states as follows:

14 6) *Newfoundland and Labrador Hydro's General Rate Application*
15 *process shall include a Rate Stabilization Plan surplus refund plan*
16 *to ratepayers. The refund plan shall comprise direct payments or*
17 *rebates to ratepayers and shall not be in the form of an electricity*
18 *rate adjustment. This refund plan will exclude Island industrial*
19 *customers who will receive Rate Stabilization Plan surplus funds*
20 *through the three year phase-in of new rates. The Board of*
21 *Commissioners of Public Utilities shall make the final*
22 *determination on the details of the refund to remaining*
23 *ratepayers;*
24

25 From paragraph 6, it is clear that the Rate Stabilization Plan surplus refund plan is
26 payable to all ratepayers to whom this applies. There has been a long standing

1 policy of the Board of setting rates for Hydro's Island Interconnected and Isolated
2 customers so that they follow the rates payable by Newfoundland Power's
3 customers. This policy is incorporated into Hydro's Rules and Regulations of Service
4 which have been approved by the Board. Section 16 (Policies For Automatic Rate
5 Changes) of the Rules and Regulations, with respect to Rural Customers on the
6 Island Interconnected and L'Anse au Loup systems, reads: "As Newfoundland Power
7 changes its rates, Hydro will automatically adjust all rates such that these customers
8 pay the same rates as Newfoundland Power customers."
9

10 Paragraph 7 of OC2013-089 indicates the manner by which the Newfoundland
11 Power Rate Stabilization Plan surplus is to be distributed; the right to receive it is
12 set in paragraph 6. That right extends to the "ratepayers" and Hydro submits that
13 the intent of the directive is that this would flow to those customers who normally
14 receive RSP related rate changes. In this connection, Hydro notes that the Island
15 Industrial Customers have been specifically excluded from the class of customers
16 who receive the refund. It should be inferred that all other normally eligible
17 ratepayers should receive the refund.
18

19 While OC2013-089 is silent about the manner of distributing the surplus to Hydro's
20 Island Interconnected and Rural Customers, paragraph 6 provides direction to the
21 Board to make the final determination as to "details of the refunds to the remaining
22 customers". Hydro submits that, for consistency, the Board ought to follow the
23 same method of distribution for Hydro's Rural Customers as applies to
24 Newfoundland Power's customers in paragraph 7 of the directive.