

1 Q. Page 3, lines 20-22 of the Evidence - Hydro states that:

2 "As directed by Government, Hydro is filing a RSP Surplus refund plan with the  
3 Board during the present GRA process which recommends a refund to customers,  
4 and not an electricity rate adjustment."

5 Footnote 8 on page 15 of the Evidence – Hydro states that:

6 "In keeping with the direction of Government's Order in Council, Hydro did not  
7 apply for an electricity rate adjustment but rather has proposed a refund to  
8 customers. It is Hydro's position that the "Policy for Automatic Rate Changes" still  
9 applies in this case since the effective rate ( $[\text{Cost less Refund}]/\text{kWh}$ ) for customers'  
10 electricity will be reduced as a result of the RSP refund"

11 Explain how the proposed rebate is not considered a rate adjustment for the  
12 purpose of Order in Council OC2013-089 as amended by OC2013-207 and is  
13 considered a rate adjustment for purposes of the Policies for Automatic Rate  
14 Changes which are outlined on pages 13-14 of the Evidence.

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17 A. It is Hydro's opinion that there are two distinct views of electricity rates which  
18 Hydro would identify as follows:

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20 Published rate: Rate approved by the regulator and posted by the utility as  
21 the price to be paid for each rate component (e.g. basic  
22 customer charge, demand and energy) for a particular class of  
23 electricity service.

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25 Effective rate: Average rate paid for electricity service for a defined period  
26 derived by dividing cost paid (net of rebates) by kilowatt-  
27 hours consumed.

1           In keeping with the direction of Government's Order in Council, Hydro did not apply  
2           for published electricity rates to be changed, but rather has proposed a refund to  
3           customers. A refund to Newfoundland Power's customers in April 2014 however  
4           will reduce the effective rate customers pay for electricity in 2014 below the  
5           average of the rates that are published throughout the year. Because the effective  
6           rate has changed as a result of the RSP Surplus refund, a similar refund must be  
7           given to Rural Customers whose rates are based on Newfoundland Power's rates in  
8           accordance with Section 16 of Hydro's Rules and Regulations. Please also refer to  
9           Hydro's response to SR-NP-NLH-038.