

1 Q. Page 15, lines 3-6 of the Evidence – Provide a detailed explanation of each incident
2 referred to where Newfoundland Power issued rebates to their customers that
3 were also given to Hydro Rural Customers, including the total amounts rebated by
4 Hydro, the circumstances leading to the rebates, the process used to determine the
5 amount of rebate issued to each rural customer, how the rebates were processed,
6 the dates rebates were issued by Hydro and any Board Orders approving the rebate
7 process for Rural Customers.

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10 A. In its evidence, Hydro referenced Newfoundland Power customer rebates in 2001
11 and 2003. Further details are as follows:

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13 2001 NP Customer Rebate

- 14 • P.U. 37(2000-2001) ordered the following:

15 *The balance in the Applicant's Excess Revenue Account, as at December*
16 *31, 2000, of \$6,733,000 be rebated to customers, together with HST of*
17 *\$1,010,000, through a one-time credit to each of its customers on their*
18 *April 2001 electric service bills of 1.90% of the customer's total billing*
19 *amounts on electric service bills issued during the period January 2000 to*
20 *December 2000.*

- 21 • The National Overview of Regulatory Issues¹ summarized the rebate as follows:

22 On February 8, 2001, Newfoundland Power Inc. applied for permission to
23 dispose of \$7,743,000 excess revenue resulting from the favorable
24 settlement of an outstanding issue with Canada Customs and Revenue.

25 These excess earnings caused the company's rate of return on rate base

¹ <http://www.neb-one.gc.ca/clf-nsi/rnrgynfmrtn/nrgyrprt/lctrcty/cmptntnlrvwrgltryss2001-eng.pdf>

for 2000 to exceed the upper limit of the allowed rate of return (10.46%).

The company proposed to dispose of the amount through a one-time credit of 1.90% of customers' total billing amounts during the period January 2000 to December 2000. The application was approved following a public hearing and customer rebates were issued on April billings.

- Rebates of approximately 1.9% were shown as a credit on Rural Customers' bills and were based on consumption over the period January 1, 2000 to December 31, 2000.
- The total amount rebated to Hydro Rural Customers commencing with billings during April 2001 was \$780,000.
- The rebates were processed to Rural Customers on the basis of the Board-approved "Policies for Automatic Rate Changes" included in Hydro's Rules and Regulations, Section 16. Hydro is not aware of any Board Orders approving the rebate process for Rural Customers.

2003 NP Customer Rebate

- P.U. 23(2003) ordered the following:
 - *The Board hereby approves NP's proposal for the rebate of 2001 excess revenue of \$944,000 plus HST to customers.*
 - *Pursuant to Section 75(3) of the Act the Board hereby approves NP's proposal to rebate an amount of \$2,696,000, which is the variance between revenue generated based upon 2003 interim rates and the revised 2003 test year revenue requirement, plus HST, to customers.*
- In its July 8, 2003 Press Release, Newfoundland Power states "In its ruling, the PUB asked the Company to propose a mechanism for rebating customers \$944,000 of excess revenues in 2001, which were a direct result of operating efficiencies and a tax refund."

- 1 • The Board’s July 21, 2003 Press Release states that “Newfoundland Power is
2 required to rebate to customers in September a total of \$3,640,000, which for an
3 individual customer will result in a rebate of approximately 0.9% of the
4 customer’s bills for the previous year.”
- 5 • A rebate of approximately 0.9% was shown as a credit on Rural Customers’ bills
6 and was based on consumption over the period August 1, 2002 to July 31, 2003.
- 7 • The total amount rebated to Hydro Rural Customers commencing with billings
8 during September 2003 was \$360,000.
- 9 • The rebates were processed to Rural Customers on the basis of the Board-
10 approved “Policies for Automatic Rate Changes” included in Hydro’s Rules and
11 Regulations, Section 16. Hydro is not aware of any Board Orders approving the
12 rebate process for Rural Customers.