

1 Q. (Re: Response to NP-NLH-48) How would Hydro propose to deal with a situation  
2 where Nalcor purchases vary by +10%, and alternatively, -10% under the current  
3 RSP and regulatory regime?  
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6 A. Under the current RSP and regulatory regime, Hydro would propose to deal with  
7 variation in Nalcor purchases as described below. Hydro is assuming that its  
8 proposal to have its range of return on rate base modified to plus or minus 25 bases  
9 points is approved.  
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11 If the Nalcor purchases were 10% more than forecast, the response to NP-NLH-048  
12 shows that Hydro's return on rate base would exceed 8.08%, the upper range of  
13 return on rate base. Hydro would apply to the Board for the disposition of the  
14 excess, most likely through the RSP.  
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16 If the Nalcor purchases were 10% less than forecast, the response to NP-NLH-048  
17 shows that Hydro's return on rate base would be less than 7.58%, the lower range  
18 of return on rate base. As its forecasts would show the significant increase in fuel  
19 costs, Hydro would consider all options under the current regulatory environment,  
20 including, but not limited to, deferral and recovery of the amounts.