

1 Q. (Re: Response to CA-NLH-12 of Application on RSP Rules and Components of the
2 Rates to be Charged to Industrial Customers) Hydro states that the subsidy granted
3 the IC class through the Government OCs is \$37.6 million. Please put the level of
4 this subsidy into perspective as follows: 1) by comparing it to the average annual
5 revenues received from the IC class during the period 2008 to 2012 and equating it
6 to the number of years of free power received by the IC class (i.e., had rates not
7 been frozen and the load variation component had been assigned on the basis of
8 load ratio share as proposed), and 2) by deriving the Dollar amount that
9 Newfoundland Power's customers would have received if an equivalent subsidy had
10 been offered them; i.e., take the equivalent number of years of free power received
11 by the IC class and apply it to the average annual revenues received from NP during
12 the 2008 to 2012 period.

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15 A. Please see Hydro's response to CA-NLH-007 for the annual revenue data for IC and
16 NP for 2008 to 2012.

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18 1) Based on actual billings, the average annual revenues received from the IC class
19 during this period was \$17.2 million. Had rates not been frozen and the new
20 load variation methodology applied, the average annual revenues would have
21 been \$22.5 million. Using the \$22.5 million, the \$37.6 million subsidy equates
22 to 1.7 years of "free power" (i.e. \$37.6 million/\$22.5 million).

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24 2) The dollar amount that Newfoundland Power's customers would have received
25 under an equivalent subsidy would be \$627.3 million using the actual average
26 annual NP revenues for 2008 to 2012 (i.e. \$369.0 million x 1.7 years).