

1 **Q. (Re: Pre-filed Testimony of Douglas Bowman, page 11): Please provide**
2 **reference to the PUB decision and rate schedules that approves any surcharge or**
3 **rate increase to NP's customers of \$147/customer.**

4
5 A. Mr. Doug Bowman's Pre-filed Evidence on page 11 indicates that a \$37.6 million
6 subsidy transferred from NP customers to the ICs averages out to about \$147/customer
7 based on 256,000 NP customers. As indicated in the response to IC-CA-1, a subsidy does
8 not need to be approved by the PUB to become a subsidy. A subsidy reflects the
9 difference between revenues received from a customer class and the cost to supply the
10 customer class and as explained in IC-CA-1, the subsidy is calculated by Hydro to be
11 \$37.6 million. The PUB decision crystalizing the subsidy is Order No. P.U. 26 (2013)
12 which effective August 31, 2013 credited \$49 million to the IC Rate Stabilization Plan
13 and transferred the remaining balance of the load variation component of the RSP
14 accumulated over the period January 1, 2007 to August 31, 2013 to the credit of NP's
15 RSP. The filing was in compliance with direction of the Lieutenant Government in
16 Council. As a result, NP customers have paid a subsidy that averages to \$147/customer.