

1 **Q. Re: Pre-filed Evidence of Mr. C. Douglas Bowman, page 5 [RSP]: Please confirm**
2 **that “volatility of rates over the period through 2017” means rate impact to the**
3 **Hydro customers (any by extension, the portion of the Newfoundland Power**
4 **customer bills made up of charges from Hydro to Newfoundland Power).**
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6 **A.** Mr. Doug Bowman proposes that the parties develop during negotiations relating to
7 the Amended 2013 GRA a methodology for using the RSP balances to smooth upcoming
8 rate increases for Hydro customers, and by extension customers of Newfoundland Power.
9 The RSP balances might be distributed in a manner whereby amounts and timing vary to
10 coincide with upcoming rate increases. For example, if there is a drop in oil prices
11 translating to an RSP-related rate decrease for Newfoundland Power customers, it might
12 be preferable that a second rate decrease not be employed through the distribution of the
13 RSP balance. It might be preferable in this case to save the RSP balance for application at
14 a time when there is an increase in oil prices translating to an RSP-related rate increase
15 for Newfoundland Power customers, thus making the rate increase more manageable.