

1 Q. **Re: NLH Evidence, Section 4, page 4.3 to 4.5; Rate Schedules pages 1 to 4 of 47;**

2 **Cover letter, p. 3**

3 Please explain how the modifications in the Newfoundland Power (NP) utility rate
4 proposed in the present application will be reflected in NF Power's rates, given that
5 NP's 2013-14 General Rate Review has already fixed rates based on power supply
6 costs for 2013 and 2014 based on current rates.

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9 A. The typical process of establishing NP related rates is:

- 10 • Hydro receives Board approval of its rates to NP;
- 11 • NP completes its rate design and applies for Board approval of its resultant
- 12 rates (often referred to as a flow-through application):
- 13 • Hydro applies NP's rate design results to its relevant rural customers and
- 14 applies for Board approval of its resultant rates.

15 These applications are independent of the results of NP's own GRA or other rate

16 applications.