

1 **Newfoundland and Labrador Hydro 2013 General Rate Application**

2 **Response to NLH-LWHN-001**

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4 **Question:** Page 7, Lines 5 to 6: Please present the advantages and disadvantages of having customers'
5 electricity bills explicitly identifying what customers pay towards the rural deficit.

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7 **Answer:** Newfoundland Power's retail customers and NL Hydro's Rural Labrador Interconnected
8 System customers must pay for the rural deficit. At present, when these customers receive their
9 electricity bills, they see a breakdown of the amounts they owe. Their basic customer charges (where
10 applicable), demand charges (where applicable), and energy charges are shown. So, too, are they
11 informed of their energy consumption, and, where applicable, demand. In addition, they are informed
12 of the applicable tax and tax rebates. However, they are not informed of how much they must pay
13 towards the rural deficit. Instead, their rural-deficit payments are embodied in their electricity rates but
14 there is no indication even of that in their bills. In effect, their payments towards the rural deficit are
15 equivalent to a hidden retail sales tax. For consistency, customers should be informed of what they are
16 compelled to pay towards rural deficit, just like they are informed of how much HST they must pay and
17 how much of a tax rebate they may be receiving.

18 This information is valuable for two reasons. First, once customers see how the burden of the
19 rural deficit is being imposed on them, they can react to it and indicate whether they believe the
20 method is fair. For example, they may argue that every customer should pay an equal dollar amount or
21 an equal amount per kilowatt hour of electricity consumed, or may suggest other methods.

22 A second reason that the information would be valuable goes beyond the method of collecting
23 the required amounts. Rather, the information would contribute to the public policy debate over the
24 rural deficit itself. The rural deficit is large. In his pre-filed evidence, C. Douglas Bowman (p.28, line 1)

1 states that the rural deficit "has reached alarming levels." However, the requirement that NP's retail
2 customers and the Rural Labrador Interconnected System customers bear the burden of the rural deficit
3 is a matter of provincial government public policy. If those who pay for the rural deficit are informed of
4 how much they are paying then they may well participate in future policy discussions with respect to the
5 rural deficit. Such an informed debate could lead to improvements in rural electricity policies. In any
6 case, it is difficult to see how keeping consumers uninformed is in their interest or in the general public
7 interest.

8 I can see no disadvantage to providing individual customers with a clear understandable
9 statement on their electricity bills of how much they are paying for the rural deficit.