

1 Q. **Reference: Rates and Regulations**

2 Hydro has proposed RSP Section 1.3 to deal with Energy Supply Variation. Is Hydro
3 also proposing changes in Section 2 of the RSP to address customer allocation of
4 transfers resulting from the Energy Supply Variation? If yes, please provide the
5 proposed revisions.

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8 A. Section 2 of the RSP rules should read:

9 Each month, the year-to-date total for fuel price variation, the energy supply
10 variation, and the year-to-date total for Newfoundland Power and Industrial
11 Customer load variations will be allocated among the Island Interconnected
12 customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3)
13 Rural Island Interconnected. The allocation will be based on percentages derived
14 from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced
15 energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk
16 transmission energy.

17
18 The year-to-date portion of the fuel price variation, the energy supply variation, and
19 the load variation which is initially allocated to Rural Island Interconnected will be
20 re-allocated between Newfoundland Power and regulated Labrador Interconnected
21 customers in the same proportion which the Rural Deficit was allocated in the
22 approved Test Year Cost of Service Study.

23
24 The current month's activity for Newfoundland Power, Island Industrials and
25 regulated Labrador Interconnected customers will be calculated by subtracting
26 year-to-date activity for the prior month from year-to-date activity for the current
27 month. The current month's activity allocated to regulated Labrador

- 1 Interconnected customers will be removed from the Plan and written off to Hydro's
- 2 net income (loss).