

1 Q. Further to response to Requests for Information NP-NLH-035 and NP-NLH-101:
2 Does Hydro believe it would be appropriate to conduct a retail rate review for the
3 customers on the L'Anse Au Loup system for consideration of the Board (i.e., similar
4 to the retail rate review that was recently completed for Newfoundland Power's
5 customers)? If not, why not?

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8 A. The objectives of NP's Retail Rate Review were stated on page 5-8 of its 2013/2014
9 General Rate filing:

10 *Newfoundland Power's Domestic and General Service rates were assessed*
11 *as part of a comprehensive retail rate review (the "Retail Rate Review").*
12 *The objectives of the Retail Rate Review included: (i) to facilitate the*
13 *exchange of information necessary to conduct a review of customer rate*
14 *designs; (ii) to provide a mechanism for the participation of other interested*
15 *parties in the process; and (iii) where appropriate, to recommend new rate*
16 *designs for implementation. The new rate designs were to focus on*
17 *providing a price signal to customers that better reflects marginal costs.*

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19 Under the Northern Strategic Plan implemented by OC2007-304¹, rates for a
20 lifeline block of consumption for domestic customers in Labrador rural isolated
21 diesel and Labrador Straits/L'Anse-au-Loup systems are the same as those paid
22 by similar customers in Happy Valley Goose Bay. Given this Government
23 directive, a review of this nature would not be able to fully achieve the stated
24 objective of "providing a price signal to customers that better reflects marginal
25 costs".

¹ Refer to CA-NLH-024, Attachment 3.