

1    Q.    **Reference:    Volume II, Exhibit 9: Cost of Service Study / Utility and Industrial**  
2    **Rate Design Report**  
3    Page 14 of Exhibit 9: *Cost of Service Study/Utility and Industrial Rate Design Report*  
4    indicates one of the rate design principles was that “cash flows of both utilities  
5    should not be unduly impacted”. Given Newfoundland Power’s revenues are  
6    recovered primarily through energy charges, did Hydro review the potential impact  
7    on Newfoundland Power’s cash flow of the proposed wholesale rate? If yes, please  
8    provide the analysis. (Volume II, Exhibit 9, Page 10)  
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11   A.    Hydro acknowledges that NP’s revenues are recovered primarily through energy  
12   charges, but considers the price signals passed to its largest customer to be  
13   important. Although Hydro did not perform any analysis with respect to the  
14   potential impact on NP’s cash flow under the proposed wholesale rate, Hydro is  
15   willing to explore options during the GRA process.