

1     **Q.     Assume that effective April 1, 2015 the fuel rider for Newfoundland Power is reset**  
2     **to zero and the 11.2% base rate increase for Newfoundland Power is approved,**  
3     **but no other changes proposed in the Interim Rates Application for**  
4     **Newfoundland Power are approved.**

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6     What would be the impact on customer rates and on Hydro's return for 2015 if the  
7     July 1, 2015 Rate Stabilization Plan adjustment is suspended and the Rate  
8     Stabilization Plan adjustment set at March 1, 2015 remains in place until December  
9     31, 2015? Provide any assumptions used in this calculation, noting any that differ  
10    from the most recently filed Cost of Service.

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13    **A.     In accordance with the Rate Stabilization Plan (RSP) rules, the RSP recovery**  
14    **adjustment rate for Newfoundland Power (NP) is set effective July 1 annually based**  
15    **on the March 31 RSP balance. There is no RSP rules in place to calculate a revised**  
16    **RSP recovery adjustment set at March 1, 2015. Therefore, in responding to this**  
17    **request for information, Hydro has assumed a continuation of the RSP recovery**  
18    **adjustment rate of (0.551)¢ per kWh.**

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20    The proposed 11.2% base rate increase to NP reflects a fuel rider of zero and the  
21    continuation of the existing RSP recovery adjustment of (0.551)¢ per kWh. The  
22    customer impact of approving the proposed rate effective April 1, 2015 is a 9.3%  
23    final rate decrease to NP and an estimated 6.3% decrease to NP's customers  
24    (consistent with the 2015 Interim Rates Application).

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26    The forecast customer impacts in July 2015 of not suspending July 1, 2015 RSP  
27    adjustment for 2015 are provided in Hydro's response to TIR-PUB-NLH-012. If the

1        July 1, 2015 RSP adjustment for 2015 is suspended, no further rate change  
2        reflecting fuel cost changes will occur subsequent to April 1, 2015 until the Board  
3        implements new final rates later in 2015.

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5        Assuming the Board approves the 11.2% base rate increase for April 1, 2015,  
6        updating the RSP adjustment rates does not have any additional impact on Hydro's  
7        return as the RSP amounts are not recorded as revenue. Rather, the RSP amounts  
8        are credited to the RSP (i.e., a deferral account on the balance sheet).