

1 Q. Hydro is proposing to increase Newfoundland Power's billing demand under the
2 proposed wholesale rate from \$4.00 per kW of demand/month to \$9.12 per kW of
3 demand/month on an interim basis. In the response to Request for Information NP-
4 NLH-119 in Hydro's 2013 General Rate Application, Hydro indicated it did not
5 perform analysis with respect to the potential impacts under the proposed
6 wholesale rate.

7 Please explain how the Board can justify approving such a large change to the
8 wholesale rate, even on an interim basis, in the absence of either (i) any Hydro
9 analysis or (ii) an opportunity for Newfoundland Power to provide evidence on
10 possible impacts.

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13 A. Regarding Hydro's response to the Request for Information NP-NLH-119, Hydro
14 does have the details on cash flows between Hydro and NP, but does not have the
15 detailed billing determinants to perform the analysis with respect to cash flows
16 between NP and its customers. The \$9.12 per kW represents the embedded cost of
17 demand allocated to Newfoundland Power through Hydro's Cost of Service Study
18 and is Hydro's recommendation in its Interim Rate Application. The
19 implementation of interim rates effective January 1, 2014 enables the Board to
20 apply any final decision on NP's rate structure retrospectively to that date.