

1 Q. Please explain why it is appropriate that the revenues from the existing
2 Newfoundland Power RSP Fuel Price Projection rider of 1.634¢ per kWh be applied
3 to the proposed Deferral Account in advance of the Board completing its review of
4 Hydro's forecast 2014 costs and 2014 revenues to determine if a revenue shortfall
5 for 2014 actually exists.

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8 A. As shown in Hydro's response to IR-NP-NLH-036, there is a revenue shortfall of
9 \$77.8 million related to NP if no rate relief is granted to Hydro in 2014. Based on
10 the present status of the GRA, a revenue shortfall will exist for 2014. In Hydro's
11 Evidence related to its Amended Interim Rates Application, it is requested that the
12 NP RSP Fuel Price Projection rider be applied against the Deferral Account;
13 however, this is anticipated to occur upon final resolution of Hydro's GRA when
14 final rates are approved and the revenue shortfall has been determined. At that
15 time, the Board will have completed its review of Hydro's forecast 2014 costs and
16 2014 revenues and the magnitude of a revenue shortfall for 2014 will have been
17 determined.