

1 **Q. Please provide the revenue reconciliation calculation proving the fairness of the**
2 **optional seasonal and time of day rates relative to standard rates.**

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4 A. The Domestic Seasonal-Optional Rate (“Optional Seasonal Rate”) and the rates for the
5 time of day rate study were initially designed to be revenue neutral with the Domestic flat
6 energy rate approved for the 2010 test year.¹

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8 No revenue reconciliation was required in designing the proposed rates to maintain
9 fairness for the Optional Seasonal Rate. The Optional Seasonal Rate is determined under
10 both existing and proposed rates by applying either the winter period premium or the
11 non-winter discount, whichever is appropriate, to the standard Domestic rate. This
12 approach maintains the 2.25¢ seasonal price differential approved in implementation of
13 the Optional Seasonal Rate.² The rate sheet showing the computation of the Optional
14 Seasonal Rate is provided on page 2 of 10 in Schedule A to this Application.

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16 Rather than update the revenue reconciliation calculations for the time of day rates,
17 fairness was maintained by applying the same proposed % increase in standard base rates
18 to the time of day base rates for each class.³

¹ With respect to the Optional Seasonal Rate, see page 4 of the evidence filed by Newfoundland Power in the March 2011 application presenting Alternative Rate Proposals resulting from the Retail Rate Review. This application is provided in Attachment E of the response to Request for Information CA-NP-144. Time of day base rate revenue reconciliations were provided in Item 8 of Supporting Materials accompanying the 2011 RSA/MTA application.

² The 2.25¢ seasonal price differential is the total of the winter period premium of 0.953¢ per kWh and the non-winter discount of 1.297¢ per kWh. The winter and non-winter price differential in the customer rate is set at 2.25¢ per kWh to reasonably reflect the marginal cost differential between the winter and non-winter periods.

³ For the Domestic time of day rate, in which no change is proposed for the Domestic standard customer charge, the time of day base rate energy charges were increased by the proposed percent increase in the standard base rate energy charge. For the Rate 2.4, in which there are proposed changes to the standard customer charge and the first energy block size, the time of day base rate energy and demand charges were increased by the proposed percent increase in base rate revenue for the class. Base rates exclude the Rate Stabilization Adjustment Factor and the Municipal Tax Adjustment; the Rate Stabilization Adjustment Factor was applied to the revised base rates to determine the proposed customer rates.