

1 Q. With reference to Hydro's response to PUB-NLH-6, Hydro, in response to the
2 Board's request that Hydro explain why interim rates charged to Industrial
3 Customers over the period from January 1, 2008 to August 31, 2013 should be
4 finalized at this time without further review, identifies several facts and policy
5 directives, but fails to explain how those facts and policy directives have led Hydro
6 to this position. Please provide Hydro's full justification as to why interim rates
7 charged to Industrial Customers over the period from January 1, 2008 to August 31,
8 2013 should be finalized at this time without further review, and without limiting
9 the foregoing, explain

10 (a) The significance of the Orders in Council having allocated the RSP load
11 variation (Rate Stabilization Plan Surplus) between the IIC class and
12 Newfoundland Power to Hydro's position;

13 (b) The significance of the Orders in Council having provided that no future
14 adjustment will be made to the \$49 million credited to the IIC class RSP on
15 August 31, 2013 to Hydro's position;

16 (c) The significance of Hydro's estimate of a \$39 million IIC class RSP balance
17 "owing to Hydro" to Hydro's position; and

18 (d) Whether Hydro's estimate of a \$39 million IIC class RSP balance "owing to
19 Hydro" is dependent upon the Board ordering that the interim IIC rates for
20 the period from January 1, 2008 to August 31, 2013 be made final "as is", or
21 whether the Board could order final IIC rates for the period from January 1,
22 2008 to August 31, 2013 different from the interim IIC rates without
23 affecting Hydro's estimate of the IIC class RSP balance "owing to Hydro"?
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26 A. With regard to Hydro's full justification as to why interim rates charged to Industrial
27 Customers over the period from January 1, 2008 to August 31, 2013 should be

finalized at this time without further review, Hydro views the following elements from the Orders in Council as determinative of the issue:

- (i) the Rate Stabilization Plan Surplus is defined as the accumulated Load Variation component of the RSP for the period January 1, 2007 to August 31, 2013;
- (ii) \$49 million of the Rate Stabilization Plan Surplus is to be credited to the IC RSP with the balance transferred to the NP RSP;
- (iii) the amount of \$49 million is the estimated RSP amount required to phase-in Industrial rates based on Hydro's General Rate Application;
- (iv) the amount of \$49 million will not be adjusted in the future; and
- (v) the amount of \$49 million will be used to fund the shortfall in Hydro's revenues as a result of the IC rate phase-in.

(a) and (b)
Refer to (ii) and (iv) above, respectively.

In light of this directive on the distribution of the RSP balance between the customer classes, and due to the fact that this approach will effect a complete treatment of this issue by using all of the RSP balance that can properly be under consideration, Hydro believes that further evidence and consideration of the matter is unnecessary.

(c) and (d)

As outlined in (iii) above, the amount of \$49 million is the estimated RSP amount required to phase-in Industrial rates based on Hydro's General Rate Application. The allocation of the amount of \$49 million, as outlined in response to PUB-NLH-7, includes the August 31, 2013 RSP balance of \$39 million owing from the IC class. Since the amount of \$39 million is integral to the rates policy direction given in the OC in that it is the outcome of the application of (i) above and it is a component of

1 the \$49 million amount, it should not be altered by otherwise adjusting the interim
2 rates charged to Industrial Customers over the period from January 1, 2008 to
3 August 31, 2013. Therefore, it is Hydro's position that those rates and related
4 matters should be finalized at this time without further review. Refer also to the
5 response to CA-NLH-20.