

1 Q. Please confirm that the response to IC-NLH-1 indicates that, based on present load
2 and rate forecasts, the \$10 million proposed to be allocated to the IC RSP surplus
3 for the purpose of phasing in rates over 3 years is insufficient to fund all phase in
4 activities beyond approximately month 20 (April 2015) and that the IC plan would
5 be projected to be driven to a deficit position. If confirmed, please clarify how
6 Hydro has “estimated” (per OIC 2013-089) that \$10 million is sufficient for the
7 phase-in.

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10 A. It is confirmed that using those assumptions there would be a balance owing from
11 customers as of May 2015. The \$10 million was, however, calculated using 2013
12 billing determinants.

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14 Additionally, the balance in the total IC Plan after the phase-in will be affected by a
15 number of variables as outlined in response to PUB-NLH-7. A significant positive
16 factor for customers on the Island Interconnected System currently is the hydraulic
17 surplus amount of \$47 million¹ owing to Island Industrial customers and
18 Newfoundland Power as of August 31, 2013. On the basis of this known positive
19 factor, and other variations, it is unknown whether the total IC RSP would have a
20 surplus or a deficit at the end of the IC rate phase-in period.

¹ July 2013 Rate Stabilization Plan Evidence, Table 1.