

1 Q. Application, page 2, number 5

2 "The Board, in Orders No. P.U. 39(2010) and No. P.U. 1(2011) approved, on an
3 interim basis, the rules and regulations governing the RSP."

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5 Application, page 2, number 6

6 "Order No. P.U. 6(2012) approved, on an interim basis, the rates and rules to
7 apply to Vale Newfoundland and Labrador Limited."

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9 Application, page 2, number 7

10 "Order No. P.U. 9(2013) approved, on an interim basis, the rates and rules to
11 apply to Praxair Canada Inc."

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13 In each of the above clauses Hydro indicates that the rules governing the Rate
14 Stabilization Plan ("RSP") have been approved on an interim basis. Please confirm
15 that it is the intention of Hydro, in this Application, that the RSP rules be approved
16 on a final basis.

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19 A. Hydro did propose in this Application that the rules governing the RSP be approved
20 on a final basis. However, since the parties have expressed concerns that they have
21 had insufficient opportunity to fully consider this issue, Hydro now proposes the
22 following:

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24 1. That as of August 31, 2013, the Island Industrial Customer class Rate
25 Stabilization Plan will be credited with \$49 million of the Load Variation amount
26 which accumulated from January 1, 2007 to August 31, 2013, which includes
27 financing, (the "RSP Surplus"), and the balance of the RSP Surplus will be

transferred to the credit of the Newfoundland Power Rate Stabilization Plan, as follows:

(a) The RSP Surplus be removed from the respective customer class plan balances; then

(i) \$49 million of the RSP Surplus shall be transferred to the Industrial Customer Rate Stabilization Plan and the balance existing in the Industrial Customer Rate Stabilization Plan after that transfer shall be segregated and held in a separate account called the IC RSP Surplus; and

(ii) The balance of the RSP Surplus after this transfer of \$49 million to the Industrial Customer Rate Stabilization Plan will be held in a separate plan balance called the NP RSP Surplus.

2. On an interim basis, that the load variation that occurs for each customer class for the period from September 1, 2013 until such time that the Board determines in a further Order in this matter, calculated according to Section B, subsection 1.2 of the Rate Stabilization Plan approved in Board Order P.U. 40(2003), be held in a separate account for disposition as determined in a future Order of the Board.

3. That the application for modification of Section B, subsection 2 of the Rate Stabilization Plan rules related to the allocation of the load variation be deferred to be considered in Hydro's General Rate Application.

Hydro is willing to have the remaining proposed changes to the RSP rules considered in the context of its GRA.