

1 Q. Application, page 3, number 11

2 "Hydro is also making application that the Island Industrial Customer interim
3 rates, from January 1, 2008 to August 31, 2013 be made final."

4

5 Please explain why Hydro believes that the interim rates charged to Industrial
6 Customers over the period from January 1, 2008 to August 31, 2013 should be
7 finalized at this time without further review.

8

9

10 A. Hydro believes that the interim rates charged to Industrial Customers over the
11 period from January 1, 2008 to August 31, 2013 should be finalized at this time,
12 after consideration of the totality of the following facts and policy directives:

13 (i) Island Industrial rates, and the related matter of the RSP load variation, have
14 been before the Board for a number of years;

15 (ii) Government has issued Orders in Council which have allocated the January
16 1, 2007 to August 31, 2013 RSP load variation between Island Industrial
17 Customer class and Newfoundland Power;

18 (iii) the amount of \$49 million allocated to the Island Industrial Customer class is
19 the estimated amount required to phase-in industrial customer rates, based
20 on Newfoundland and Labrador Hydro's General Rate Application;¹

21 (iv) after removal of the January 1, 2007 to August 31, 2013 load variation from
22 customer RSP accounts, and prior to the Government-ordered allocation
23 and rate phase-in, the Island Industrial Customer class RSP balance owing to

¹ July 2013 Rate Stabilization Plan Evidence, Appendix A, OC2013-089, Subsection 4, as amended. Please refer also to the response to PUB-NLH-7.

RSP Rules and Components to be charged to Industrial Customers

Page 2 of 2

- 1 Hydro is estimated to be \$39 million² and the required rate increase, based
2 on the 2013 Test Year, is 73.1%³; and
3 (v) no future adjustment will be made to the amount of \$49 million credited to
4 the IC class RSP on August 31, 2013.⁴

² July 2013 Rate Stabilization Plan Evidence, Page 6, Table 1

³ 2013 General Rate Application Evidence, Page 4.16, Table 4.4

⁴ July 2013 Rate Stabilization Plan Evidence, Appendix A, OC2013-089, Subsection 2