

1 Q. On page 9 of the *Supply and Install 100 MW (Nominal) of Combustion Turbine*

2 *Generation* report, Hydro states:

3 ***“Hydro estimates the combustion turbine may cause an approximate 2.3 per cent***  
4 ***increase above existing rates.”***

5 Paragraph 99 of the opinion rendered by the Supreme Court of Newfoundland  
6 Court of Appeal in the matter of a case stated by the Board of Commissioners of  
7 Public Utilities (the “Stated Case”) states:

8 ***“A reserve fund could be ordered by the Board to be used in the future to improve***  
9 ***service, or to keep rates low or for some other purpose that is consistent with the***  
10 ***objectives and policies of the legislation.”***

11 In light of the electricity supply issues encountered on the Island Interconnected  
12 System in January 2014, and in light of the cited passage from the Stated Case, has  
13 Hydro considered whether it would be of benefit to customers to ask the Provincial  
14 Government to consider directing the disposition of the Newfoundland Power RSP  
15 surplus to some other purpose consistent with the objectives and policies of the  
16 legislation, including improving service? If not, please explain why not.

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19 A. Hydro has discussed with the Provincial Government Newfoundland Power’s

20 proposal to use the Newfoundland Power RSP surplus to offset the cost of the 100

21 MW (nominal) combustion turbine approved for construction by the Board. Hydro

22 will follow any direction provided by the Provincial Government with respect to the

23 disposition of the Newfoundland Power RSP surplus in this regard.