

1 **NP-CA-83**

2 **Reference: Page 14, Lines 5-6**

3 **Q. Does Mr. Todd agree that the proposed Energy Supply Cost Variance**
4 **clause will provide the opportunity for Newfoundland Power to recover the**
5 **energy supply costs that result from new customer growth? If not, why**
6 **not?**

7

8 A. In the 2008 test year, NP's approved rates will provide the opportunity for
9 it to recover the energy supply costs that result from forecast new customer
10 growth.

11 The proposed Energy Supply Cost Variance clause would recover from
12 customers variances in energy supply cost due to any factor, be it a variance in
13 customer growth or a variance in per-customer use. Hence, it removes any risk
14 for the company associated with variances from forecast in use per customer as
15 well as customer growth. In doing so, it removes any incentive for NP to use
16 load management programs to avoid positive variances in the forecast energy
17 purchases (i.e., actual above forecast) and pursue negative variances (i.e.,
18 actual below forecast).

19 See the response to NP-CA-86 for comments on the recovery of incremental
20 energy supply cost associated with customer growth in years after the 2008 GRA
21 if there is no GRA.