

1 Q. **Reference: Supply Cost Accounting Application, Evidence pages 23-24 (pp. 38-39 pdf)**

2 Citation:

3 Hydro is proposing to expand the Rural Rate Adjustment, which currently
4 transfers changes in rural revenues as a result of price changes, to also include
5 changes in revenues for Hydro Rural Island Interconnected System customers
6 resulting from sales variances from the test year load forecast. This modification
7 is required to enable Hydro to recover the supply costs incurred to serve
8 Hydro's Island Interconnected System Rural customers which do not vary with
9 changes in customer usage.

10 a. Please confirm that, if this proposal is accepted, any reduction in consumption by Hydro's
11 Island Interconnected System Rural customers would result in a rate increase.

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14 A. A change in the load requirements relative to the test year forecast for Newfoundland and
15 Labrador Hydro's Rural customers on the Island Interconnected System would result in the
16 increase or decrease in revenue being transferred to the Rate Stabilization Plan balance
17 attributable to Newfoundland Power Inc.