

1 **Q. In reference to the evidence of Larry Brockman, page 15, lines 1 to 2 - “The**
2 **implementation of customer charges for these rate classes has eliminated the**
3 **requirement for the existing minimum charge structure for these rate classes.” - Did**
4 **the minimum charge structure with demand ratchet relate in any way to cost**
5 **causation owing to the fact that the cost to supply demand is higher in the winter**
6 **months?**

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8 A. The intent of the minimum monthly charge for these rate classes was to recover customer
9 related costs rather than the cost to supply demand.

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11 Minimum charges have existed for most demand/energy metered general service customer
12 classes since 1967. In 1984, Newfoundland Power obtained the approval of the Public
13 Utilities Board to add minimum monthly charges to the Electric Heat General Service Rate.
14 Mr. Cecil Vivian (the Company’s witness at the hearing) explained the charge was being
15 added “to eliminate the possibility which presently exists that in some months there could
16 be little or no charge for service.” Based on Mr. Vivian’s statements, the minimum
17 monthly charge on demand-metered rates served the purpose of recovering customer
18 related costs in months when customers have minimal usage.