

Q. Please provide any analysis the Company has completed to determine the impact of rate increases pursuant to Order No. P.U. 7 (2002-2003) and the increase contained therein, and future increases required as a result of that Order due to the deficit in the rate stabilization account (sic). Details of the analysis should include the customer impact from a dollar perspective and the total percent customers will have paid or will pay by way of increases in electricity rates as a result of P.U. 7 (2002-2003) and Newfoundland Power's 2003 General Rate Application.

A. Attachment A shows the impact of the rate increase pursuant to Order No. P.U. 7 (2002-2003). Attachment A was filed as Schedule E to the Company's 2002 Flow Through Application made subsequent to Order No. P.U. 21 (2002-2003). The impact on each customer was approximately 3.68% as the increase was applied equally to each rate component, to the extent possible. The increase was approved by the Board in Order No. P.U. 22 (2002-2003), effective September 1, 2002.

In Order No. P.U. 7 (2002-2003), page 169, item 42, the Board ordered that the balance outstanding in Hydro's Rate Stabilization Plan as at August 31, 2002 be recovered over a 5-year period, commencing in 2003. A summary of the estimated recovery amounts, including Retail Rate Stabilization Plan balances and increases in Newfoundland Power's customer rates is provided in the following table. This calculation has been estimated by Newfoundland Power based on its interpretation of Order No. P.U. 7 (2002-2003), and may not represent the final adjustments that will be put forward by Newfoundland and Labrador Hydro.

Table 1 Recovery Schedule for RSP Balance at August 31, 2002				
Date	Annual Recovery from Customers Millions \$	Remaining balance of the RSP plan Millions \$	Remaining Balance as % of Initial Balance	Average Increase in NP's Customer Rates
RSP Adjustment (prior to July 1, 2003)	7.9	77.2 ¹	100%	n/a
July 1, 2003	15.7	74.6	97%	1.88%
July 1, 2004	16.1	64.5	84%	0.03%
July 1, 2005	17.5	52.5	68%	0.30%
July 1, 2006	19.1	38.2	49%	0.32%
July 1, 2007	21.1	21.1	27%	0.38%
July 1, 2008	0.0	0.9 ²	1%	-4.73%

¹ \$77.2 million is the balance in the retail plan reported by Newfoundland and Labrador Hydro in its RSP report for October 2002.

² \$0.8 million is the estimated balance remaining after the five year amortization. It will be rolled into the plan activity for July 2008 and impact the RSA adjustment in July 2009.

n/a - Not Applicable.

1 In Order No. P.U. 7 (2002-2003), page 169, item 42, the Board also ordered that the
2 balance that accumulates in Hydro's Rate Stabilization Plan after August 31, 2002 be
3 recovered from, or credited to, customers over a two-year period, starting in 2004. The
4 balance that will accumulate in the Rate Stabilization Plan between August 31, 2002 and
5 the effective date of the first potential rate adjustment in 2004 cannot reasonably be
6 determined at this time.

7
8 Newfoundland Power's 2003 General Rate Application is not related to the electricity
9 rate increases resulting from Order No. P.U. 7 (2002-2003) or any future electricity rate
10 changes that may be required due to balances in Hydro's Rate Stabilization Plan.