

Requests for Information

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

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9 A. Attachment A shows the impact of the rate increase pursuant to Order No. P.U. 7 (2002-
10 2003). Attachment A was filed as Schedule E to the Company's 2002 Flow Through
11 Application made subsequent to Order No. P.U. 21 (2002-2003). The impact on each
12 customer was approximately 3.68% as the increase was applied equally to each rate
13 component, to the extent possible. The increase was approved by the Board in Order No.
14 P.U. 22 (2002-2003), effective September 1, 2002.

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16 In Order No. P.U. 22 (2002-2003), the Board approved that any under-recovery or over-
17 recovery of purchased power costs in 2002 be debited or credited, as appropriate, to
18 Newfoundland Power's Rate Stabilization Account to be recovered from, or credited to,
19 customers over the period July 1, 2003 to June 30, 2004. The under-recovery from the
20 flow-through of the Hydro increase for 2002 has been determined to be \$801,258.

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22 In Order No. P.U. 7 (2002-2003), page 169, item 42, the Board ordered that the balance
23 outstanding in Hydro's Rate Stabilization Plan as at August 31, 2002 be recovered over a
24 5-year period, commencing in 2003. Table 1 on page 2 includes a summary of the
25 estimated recovery amounts, including Retail Rate Stabilization Plan balances and
26 increases in Newfoundland Power's customer rates < >. These amounts have been
27 estimated by Newfoundland Power based on its interpretation of Order No. P.U. 7 (2002-
28 2003), and may not represent the final adjustments that will be put forward by
29 Newfoundland and Labrador Hydro.

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

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

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<p style="text-align: center;">Table 1 Recovery Schedule for RSP Balance at August 31, 2002 and Recovery of the 2002 Revenue Shortfall</p>				
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%	1.91%
July 1, 2004	16.1	64.5	84%	0.03%
July 1, 2005	17.5	52.5	68%	0.29%
July 1, 2006	19.1	38.2	49%	0.31%
July 1, 2007	21.1	21.1	27%	0.38%
July 1, 2008	0.0	0.9 ²	1%	-4.75%

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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 \$0.9 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.