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DELIVERED BY HAND

July 13, 2016

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies & Gentlemen:

Re: Newfoundland Power Inc.- Approval of a plan for the Refund to Newfoundland Power's Customers of a Surplus Balance in Newfoundland and Labrador Hydro's Rate Stabilization Plan (RSP) – Clarification on Section 3.2 Credit to Existing Balance,

A. Introductory

This is in reply to the Board's letter dated July 12th, 2016 requesting a definition of the term "outstanding balance" as used in Section 3.2 **Credit to Existing Balance** of the Newfoundland Power Customer Refund Plan (the "Plan"), as well as examples of its application to specific circumstances.

B. Definition of "Outstanding Balance"

In drafting the Plan, consistency with Newfoundland Power's *Schedule of Rates, Rules and Regulations* was a key consideration for the Company. The term "outstanding balance", as used in the Plan, means an amount that is due and payable by the Customer to the Company. Regulation 10 (c) in the *Schedule of Rates, Rules and Regulations* provides, in part, that "bills are due and payable when issued." A Customer's "outstanding balance" therefore includes any unpaid balance related to electricity bills issued on or before the Payment Date, but does not include any amount for unbilled electricity consumption.

Before a refund cheque is issued to the Customer under Section 3.3 of the Plan, the refund will first be credited against the outstanding balance on the Customer's account or accounts. The Customer's outstanding balance includes the unpaid balance of any current bill or bills issued to the Customer as of the Payment Date, and any unpaid arrears in respect of previously issued bills. It does not include any amounts attributable to the Customer's electricity consumption subsequent to the most recently issued bill.

Newfoundland Power Inc.

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C. Examples Requested

If the Payment Date is November 30th, the Customer's most recent bill was issued on November 20th, and the customer has paid all previously issued bills but has not yet paid the November 20th bill, the Customer's outstanding balance is simply the current balance reflected on the November 20th bill.

If the Payment Date is November 30th, the Customer's most recent bill issued on November 20th has not been paid, and the customer is in arrears with respect to a previously issued bill, the Customer's outstanding balance is the total of the current balance reflected on the November 20th bill and the unpaid balance of the previously issued bill.

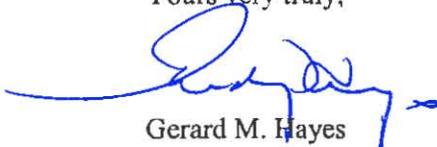
If the Payment Date is November 30th, and the Customer has paid all of their electricity bills, including the most recent bill issued on November 20th, a refund cheque will be issued for the entire refund to which the Customer is entitled.

In the above examples, under no circumstances will any portion of the Customer's refund to be paid on November 30th be credited towards electricity consumed subsequent to issuance of the most recent (i.e. November 20th) bill.

D. Concluding

If you require further clarification or have further questions, please contact the undersigned.

Yours very truly,



Gerard M. Hayes
Senior Counsel

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Thomas Johnson, QC
Consumer Advocate