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- 1 Q. In the response to PUB-NLH-13, Hydro recommends that the balance in the IC RSP
2 owing to the load variation component be allocated between Newfoundland Power
3 and the Industrial Customers based on energy ratios. Please provide support and
4 clarification for the recommendation. Specifically, please address the following:
- 5 (a) Which components of the RSP balance should be disbursed and when?
6 (b) What should be the start and end dates of the balance accumulation?
7 (c) On what basis should the load ratio shares be determined?
8 (d) What amounts should be disbursed to customers based on current
9 forecasts?
10 (e) How should the balance be disbursed to customers?
11 (f) What impact on the rates of NP and each IC, and the ICs in total, is forecast
12 under Hydro's recommendation?
13 (g) If rate reductions are to be conveyed, over what amortization period should
14 they be conveyed?
15 (h) With regard to the response to CA-NLH-13 (a), please confirm that Hydro
16 recommends that the RSP balance owing to the IC load variation component
17 be allocated to both Newfoundland Power and the Industrial Customers on
18 the basis of 2009 load share.
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- 21 A. (a) In the response to PUB-NLH-13, Hydro recommended that the net load
22 variation (Page 2 of 2, Line 7), rather than the Industrial Customer load
23 variation, be allocated between Newfoundland Power and the Industrial
24 Customers. Hydro's recommendation is that this allocation be disbursed in
25 accordance with the existing dates and methodology, and as stated in the
26 response to PUB-NLH-26 (Rev 1 July 31, 2009), that the Board consider
27 amortizing the resultant rate changes over more than one period.

- 1 (b) As stated in the response to PUB-NLH-26 (Rev 1 July 31, 2009), Hydro
 2 considers the load variation should be allocated so that all customers on the
 3 Island Interconnected System receive a fair portion of the fuel savings which
 4 results from the industrial downturn since 2006. Hydro proposes that the
 5 change in allocation of the net load variation should therefore be effective
 6 January 1, 2007 and that the balance accumulation would continue on this
 7 basis until such time as the Board rules on this issue.
- 8 (c) The load variation should be shared between the customer groups in the
 9 same manner as the fuel variation is shared, based on twelve-months-to-
 10 date sales.
- 11 (d) Hydro does not recommend that any amounts be disbursed based on
 12 forecasts. Forecast amounts were used in the responses to Requests for
 13 Information for illustrative purposes. It is proposed that actual activity
 14 should be the basis of all allocations.
- 15 (e) Hydro suggests that the balance be disbursed to customers as part of
 16 regular RSP rate-making, with consideration being given to smoothing the
 17 rate impacts over more than one year as recommended in the response to
 18 PUB-NLH-26 (Rev 1 July 31-09).
- 19 (f) Assuming changes to the load variation allocation become effective January
 20 1, 2007, the impact on the rates of NP and the IC class are as shown in the
 21 response to PUB-NLH-26 (Rev 1 July 31-09).
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|----|------------------------|--------|
| 22 | Newfoundland Power | -12.1% |
| 23 | Industrial Customers | -20.3% |
| 24 | Teck Resources Limited | 10.1% |
- 25 These estimates are based on forecasts to December 31, 2009. Actual rates
 26 will vary.
- 27 (g) If the rate reductions reach the levels forecast in (f), Hydro suggests that the
 28 amortization period should be at least two years.

RSP Components to be charged to Industrial Customers

- 1 (h) The IC RSP balance comprises amounts that accrued during the years 2007,
2 2008 and 2009. On that basis it would be appropriate to allocate the load
3 variation in those years between NP and the Industrial Customer class based
4 upon the respective consumptions of those classes in all of those years.