

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has
4 not developed any specific proposals, in light of the change in markets and fuel
5 prices the RSP may need to be substantially modified or replaced and that the Board
6 may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in
8 turn, NP dealing directly with their customers on matters of retail price signal
9 and customer billing and payment options;
10 • Hydro dealing directly with its IC and giving consideration to such matters as
11 price signal, and payment options, as well as having RSP amounts become
12 accounts receivable or accounts payable from/to each IC each month rather than
13 Industrial class RSP balances which are not tied directly to each customer; and
14 • Hydro developing a proposal regarding hydraulic stabilization."

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16 Does Mr. Greneman accept that under the monthly invoicing approach
17 Newfoundland Power would have to develop its own pricing mechanism to continue
18 to provide acceptable levels of rate stability for customers? Does Mr. Greneman
19 believe that such a pricing mechanism should include a fuel rider similar to the
20 current mechanism?

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23 A. With regard to a rate stability mechanism, whether or not inclusive of a fuel rider,
24 Mr. Greneman agrees that under the monthly invoicing approach, NP would need to
25 develop its own mechanism and in doing so, will enable the company to tailor its
26 desired level of rate stability, balanced against the pass-through of timely price
27 signals to its customers.