

1 **Q.** With the reference to page 8, lines 13-16 of the Pre-Filed Evidence of C.
2 **Douglas Bowman (December 4, 2017) please confirm the quoted 50.9% rate**
3 **impact to Newfoundland Power mostly arises from RSP adjustments (the**
4 **"RSP Change"), including removal of rate mitigation measure ("Rate**
5 **Mitigation Conclusion")?**
6

7 **A.** Mr. Doug Bowman defers to Hydro to defend and explain its estimated rate
8 increases, but does not take issue with its calculation. However, he notes that the
9 proposed rates are based on a fictitious future, and as a result, cost allocations to
10 customer classes cannot be considered fair since they are not based on the costs
11 customers are expected to impose on a system with off-island purchases displacing
12 much of Holyrood energy production. Mr. Doug Bowman notes that Hydro's
13 cover letter accompanying the 2017 General Rate Application indicates that a
14 primary purpose of the application is to manage cost increases for customers (page
15 2 of cover letter). With this purpose in mind, Hydro has proposed a rate mitigation
16 plan that is expected to result in a 50.9% rate increase for Newfoundland Power
17 over an 18-month period. This is very high, and makes one wonder if an additional
18 rate mitigation plan might be needed to manage rate impacts deriving from
19 Hydro's proposed rate mitigation plan.