

1 Q. **2013 General Rate Application, Rates**

2 Over what period of time does Hydro intend to use the Rate Stabilization Plan rate
3 that will be approved, to be effective January 1, 2014, in this General Rate
4 Application?

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7 A. The following response discusses two components of the Rate Stabilization Plan
8 rate:

- 9 • RSP Adjustment Rate is the rate calculated annually to collect or refund the
10 RSP balance. The rate becomes effective on January 1 for IC and on July 1
11 for Newfoundland Power.
- 12 • Fuel Rider is the rate calculated based on anticipated forecast fuel price
13 changes. The rate becomes effective on January 1 for IC based on the
14 September PIRA fuel price forecast and on July 1 for Newfoundland Power
15 based on the March PIRA fuel price forecast. The fuel rider also has the
16 following provision as outlined in Section D of the RSP rules:

17 *When new Test Year base rates come into effect, if a fuel rider*
18 *forecast (either March or September) is more current than the test*
19 *year fuel forecast, a fuel rider will be implemented at the same time*
20 *as the change in base rates reflecting the more current fuel forecast*
21 *and the new test year values. Otherwise, the fuel rider portion of the*
22 *RSP Adjustment will be set to zero upon implementation of the new*
23 *Test Year Cost of Service rates, until the time for the next fuel price*
24 *projection.*

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26 Based on the rules of the Rate Stabilization Plan, Hydro believes the following
27 effects and timing will apply:

1 **Industrial Customers – Assuming base rate implementation on January 1, 2014:**

- 2 • RSP Adjustment Rate – The January 1, 2014 rate will be calculated based on
3 the December 31, 2013 RSP balance.
- 4 • Fuel Rider – The January 1, 2014 rate will be calculated based on the
5 September 2013 PIRA forecast in comparison to the 2013 Test Year price.
6 These rates will remain in place until December 31, 2014.

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8 **Industrial Customers – Assuming base rate implementation after January 1, 2014:**

- 9 • RSP Adjustment Rate – The January 1, 2014 rate will be calculated based on
10 December 31, 2013 RSP balance and, under normal operation of the RSP,
11 this rate will remain in place until December 31, 2014.
- 12 • Fuel Rider – The January 1, 2014 rate will be calculated based on September
13 2013 PIRA forecast in comparison to the 2007 Test Year price. This rate will
14 remain in place until new base rates are approved by the Board at which
15 time the provision outlined above from Section D of the RSP rules will apply:
16 *When new Test Year base rates come into effect, if a fuel rider*
17 *forecast (either March or September) is more current than the test*
18 *year fuel forecast, a fuel rider will be implemented at the same time*
19 *as the change in base rates.*

20 These rates will remain in place until December 31, 2014.

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22 **Newfoundland Power – Assuming base rate implementation on January 1, 2014**

- 23 • RSP Adjustment Rate – The January 1, 2014 rate will be that which was
24 approved by the Board and implemented on July 1, 2013.
- 25 • Fuel Rider – The January 1, 2014 rate will be calculated based on the
26 September 2013 PIRA forecast in comparison to the 2013 Test Year price.
27 These rates will remain in place until June 30, 2014.

Newfoundland Power – Assuming base rate implementation after January 1, 2014

- RSP Adjustment Rate – The January 1, 2014 rate will be that which was approved by the Board and implemented July 1, 2013.
- Fuel Rider – The January 1, 2014 rate will be that which was approved by the Board and implemented July 1, 2013. This rate will remain in place until new base rates are approved by the Board at which time the provision outlined above from Section D of the RSP rules will apply:

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates.

These rates will remain in place until June 30, 2014.