

1 Q. Please confirm that Hydro is proposing that the Board approve rates that will over-  
2 collect Hydro's best estimate of the cost of supply to Newfoundland Power and its  
3 customers and provide an analysis of the repercussions of this approach with  
4 respect to the rates for the Rural and Isolated Customers in the Province whose  
5 rates are tied to the rates of Newfoundland Power's customers. Will the rates for  
6 Rural and Isolated Customers also over-collect, and if so, how does Hydro propose  
7 that these customers be reimbursed? Further, if the rates for Rural and Isolated  
8 Customers over-collect, would the rural deficit amount require adjustment, and if  
9 so, would it be necessary to claw back rural deficit shortfall amounts from  
10 Newfoundland Power customers and Labrador Interconnected Customers?

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13 A. The rate change to apply to Hydro's Rural Interconnected and Rural Isolated  
14 customer classes as a result of Hydro's 2017 GRA will be computed based on the  
15 rate change that will be approved to apply to the customers of Newfoundland  
16 Power (in accordance with the rate change policies approved by the Board).<sup>1</sup> There  
17 will be no over-collection of revenues from any customer class and, therefore, no  
18 reimbursement will be required.

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20 Please refer to Hydro's response to CA-NLH-188.

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<sup>1</sup> See Section 16: Policies for Automatic Rate Changes on page RR-15 of the Schedule of Rates, Rules and Regulations.