NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN
SUMMARY
January 2001

RATE STABILIZATION PLAN
SUMMARY

The Cost of Service Study filed with the Board in November of 1991 is based on projections of events and costs that are forecast to happen during the test year 1992. Variations between actual results and Cost of Service estimates are reflected in the Rate Stabilization Plan which was established for that purpose.

Summary of Key Facts Used in the Plan:

1.	Normal annual hydraulic production assumed in the Cost of Service Study	-	4,205.32 GWh.
2.	Cost of Service oil price	-	$12.31 per barrel
3.	Holyrood average annual operating efficiency	-	605 kWh. per bbl.
4.	Holyrood mill rate based on $12.31 per barrel	-	20.35 mills per kWh
5.	Retail energy mill rate	-	45.31 mills per kWh
6.	Large industrial energy mill rate	-	19.34 mills per kWh effective January 1, 2000
7.	Firming up charge	-	10.40 mills per kWh January to December
8.	Interest rate collected/charged	-	8.40% per annum effective January 1, 2001.
9.	Retail rate stabilization plan adjustment effective July 1, 2000	-	1.75 mills per kWh
10.	Industrial rate stabilization plan adjustment effective January 1, 2001	-	2.80 mills per kWh

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN

January 2001

HYDRAULIC PRODUCTION

MONTH	COST OF SERVICE PRODUCTION (GWh)	ACTUAL PRODUCTION (GWh)	MONTHLY VARIANCE (GWh)	CUMULATIVE VARIANCE (GWh)
	A	B	C=B-A	
January	382.42	470.55	88.13	88.13
February	359.84			
March	392.94			
April	362.50			
May	368.69			
June	324.91			
July	301.53			
August	302.41			
September	302.17			
October	339.99			
November	362.72			
December	405.20			
TOTAL	4,205.32			

HYDRO PRODUCTION PLANT	COST OF SERVICE (GWh)	ACTUAL (GWh)	VARIANCE (GWh)	HOLYROOD GENERATING STATION $	OTHER GENERATION $	AMOUNT $
Bay D Espoir	231.14	281.39				
Hinds Lake	47.16	42.12				
Upper Salmon	49.22	59.80				
Cat Arm	51.57	86.16				
Paradise River	3.33	1.08				
TOTAL	382.42	470.55	88.13			

Holyrood Generating Station

(88.13)/0.000605 x $12.31

D

(1,793,190.58)

E

TOTAL (1,793,190.58)

(To Page 14)

Hydraulic Production Variations: Actual production in January 2001 was 470.55 GWh compared with the Cost of Service Study of 382.42 GWh, an increase of 88.13 GWh. This increase in hydraulic production resulted in a savings to the Plan of $1,793,000 (excluding interest) representing an amount owed by Hydro to Customers based on the $12.31 per barrel cost which was estimated in the Cost of Service Study.

NEWFOUNDLAND AND LABRADOR HYDRO **January 2001**

RATE STABILIZATION PLAN

LOAD VARIATIONS

	FIRM ENERGY SALES				SECONDARY ENERGY SALES			
MONTH	COST OF SERVICE SALES (GWh)	ACTUAL SALES (GWh)	MONTHLY VARIANCE (GWh)	CUMULATIVE VARIANCE (GWh)	COST OF SERVICE SALES (GWh)	ACTUAL SALES (GWh)	MONTHLY VARIANCE (GWh)	CUMULATIVE VARIANCE (GWh)
January	594.30	622.73	28.43	28.43	0.00	0.00	0.00	0.00
February	557.00				0.00			
March	552.60				0.00			
April	482.30				0.00			
May	429.80				0.00			
June	370.50				0.00			
July	345.40				0.00			
August	346.10				0.00			
September	356.60				0.00			
October	434.60				0.00			
November	489.70				0.00			
December	574.40				0.00			
TOTAL	5,533.30				0.00			

2. Load Variation:

(a) Firm Energy Sales - Actual firm energy sales for January 2001 were 622.73 GWh, 28.43 GWh more than estimated in the Cost of Service Study.

(b) Secondary Energy Sales - Actual secondary energy sales for January 2001 were negligible.

NEWFOUNDLAND AND LABRADOR HYDRO January 2001

RATE STABILIZATION PLAN

LOAD VARIATIONS - Continued

LOAD VARIATION ELEMENTS		COST OF SERVICE (kWh)	ACTUAL (kWh)	VARIANCE (kWh)	MILL RATE	AMOUNT $
		A	B	C=B-A	D	E=D x C
(a)	Utility Firm Energy Sales					
	Newfoundland Light and Power	487,300,000	515,517,884	28,217,884	(24.96)	(704,318.38)
					(20.35-45.31)	
(b)	Large Industrial Firm Energy Sales					
	Abitibi-Price (Grand Falls)					
	1st Block	14,400,000	7,961,197			
	2nd Block	1,800,000	91,803			
		16,200,000	8,053,000			
	Abitibi-Price (Stephenville)	41,300,000	43,947,524			
	Deer Lake Power	1,400,000	1,484,206			
	Corner Brook Pulp & Paper	27,000,000	32,050,569			
	Albright & Wilson Americas	1,500,000	0			
	North Atlantic Refining Ltd.	19,000,000	21,679,978			
	Royal Oak Mines Inc.	600,000	0			
		107,000,000	107,215,277	215,277	1.01	217.43
					(20.35-19.34)	
	TOTAL	594,300,000	622,733,161	28,433,161		(704,100.95)
						(To Page 14)
(c)	Secondary Energy Sales					
	Newfoundland Light and Power	0	4,644	4,644	10.40	(48.30)
						(To Page 14)

* Albright & Wilson Americas and Royal Oak Mines Inc. are no longer Industrial Customers.

The impact on the Plan from Load Variations comes from three elements.

(a) Utility Firm Sales - Actual sales were 28.22 GWh more than the Cost of Service Study and resulted in a savings to the Plan of $704,000 (excluding interest). This is calculated by comparing the cost of thermal generation at 20.35 mills, less the Retail energy rate of 45.31 mills, a difference of 24.96 mills multiplied by 28.22 GWh.

(b) Large Industrial - Actual sales were 0.21 GWh more than the Cost of Service Study and had a negligible effect on the Plan. This is calculated by taking the cost of thermal generation at 20.35 mills, less the Large Industrial energy rate of 19.34 mills, a difference of 1.01 mills multiplied by 0.21 GWh.

(c) Secondary Energy Sales - Actual secondary energy sales for January were negligible.

NEWFOUNDLAND AND LABRADOR HYDRO **January 2001**

RATE STABILIZATION PLAN

FUEL COST VARIATIONS

	FUEL COST			FUEL CONSUMPTION			
MONTH	COST OF SERVICE FUEL COST ($) A	ACTUAL FUEL COST ($) B	VARIANCE ($) C=B-A	COST OF SERVICE BARRELS (Qty.) D	ACTUAL BARRELS (Qty.) E	MONTHLY VARIANCE (Qty.) F=E-D	CUMULATIVE VARIANCE (Qty.)
January	12.31	35.01	22.70	442,711	320,686	(122,025)	(122,025)
February	12.40			414,149			
March	12.43			348,446			
April	12.45			273,719			
May	12.45			169,091			
June	12.45			130,909			
July	12.48			122,975			
August	12.48			122,975			
September	12.49			142,810			
October	12.49			221,355			
November	12.50			285,620			
December	12.50			368,926			
TOTAL	12.45			3,043,686			

3. Fuel Cost Variations: Actual fuel consumption in January 2001 was 320,686 barrels at the Holyrood Generating Station. This was 122,025 barrels less than the forecast in the Cost of Service Study.

4. The fuel cost variation during the month, based on the average fuel cost for the Holyrood Generating Station of $35.01 per barrel, was $22.70 per barrel more than provided in the Cost of Service Study. The implications of this fuel price variation for the Rate Stabilization Plan are provided in the next table.

NEWFOUNDLAND AND LABRADOR HYDRO January 2001

RATE STABILIZATION PLAN

FUEL COST VARIATIONS - Continued

CONSUMPTION SCHEDULE

PERIOD:	BARRELS (Qty.)	AVERAGE PRICE $	AMOUNT $
January 01, 2001 - January 29, 2001	305,194	35.0485	10,696,591.91
January 30, 2001 - January 31, 2001	15,595	34.1647	532,798.50
	320,789	35.0055	11,229,390.41
Less: Emergency Fuel	(103)	35.0055	(3,605.57)
	320,686	35.0055	11,225,784.84
	A	B	C

FUEL COST VARIATION PROVISION

	FUEL COST PER BARREL				
	COST OF SERVICE $	ACTUAL $	VARIANCE $	ACTUAL BARRELS OF FUEL USED (Qty.)	AMOUNT $
(a) Holyrood Generating Station	12.31 D	35.01 E	22.70 X F=E-D	320,686 G	7,279,572.20 (To Page 14) H=F×G

The charge to the plan resulting from the fuel cost variation is calculated as follows. The average cost of fuel in our tanks at Holyrood was $35.01 per barrel compared with the Cost of Service estimate of $12.31 per barrel. The difference $22.70 per barrel, multiplied by the number of barrels consumed by the Holyrood Generating Station of 320,686 barrels in the month results in $7,280,000 owed by Customers to Hydro for the month.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN

January 2001

ADJUSTMENT

	ACTUAL (kWh)	MILL RATE ADJUSTMENT	AMOUNT $
(a) Utility Firm Energy Sales			
Newfoundland Light and Power	515,517,884	(1.75)	(902,156.30)
(b) Secondary Energy Sales			
Newfoundland Light and Power	4,644	(1.75)	(8.12)
	515,522,528 A	B	(902,164.42) C = A x B
(c) Large Industrial Firm Energy Sales			
Abitibi-Price (Grand Falls)			
1st Block	7,961,197		
2nd Block	91,803		
	8,053,000		
Abitibi-Price (Stephenville)	43,947,524		
Deer Lake Power	1,484,206		
Corner Brook Pulp & Paper	32,050,569		
Albright & Wilson Americas	0		
North Atlantic Refining Ltd.	21,679,978		
Royal Oak Mines Inc.	0		
	107,215,277	(2.80)	(300,202.78)
	622,737,805		(1,202,367.20)

(To Page 16)

Adjustment: The Rate Stabilization Plan balances used for determining rate adjustments are as follows:

	RETAIL	INDUSTRIAL	TOTAL
December 31, 1999	21,436,000	12,892,000	34,328,000
September 30, 2000	16,827,000	10,480,000	27,307,000
December 31, 2000	22,684,000	12,918,000	35,602,000

Values in brackets indicate amounts due to customers, whereas unbracketed values indicate amounts due from customers.

One third of the amount owing from Retail customers at December 31, 1999, $7,145,000 will be recovered over the period July 1, 2000 to June 30, 2001 through an adjustment in the monthly mill rate charged Retail customers. The recovery rate of 1.75 mills per kWh was calculated by dividing total energy sales to Retail customers, in the 12 months ended December 31, 1999, into the amount to be recovered from Retail customers over the next 12 months.

One third of the amount owing from Industrial customers at September 30, 2000, $3,493,000 will be recovered over the twelve month period commencing January 1, 2001 through an adjustment in the monthly mill rate charged Industrial customers. The recovery rate of 2.80 mills per kWh was calculated by dividing total energy sales to Industrial customers, in the 12 months ended September 30, 2000, into the amount to be recovered from Industrial customers over the next 12 months.

One third of the amount owing from Retail customers at December 31, 2000, $7,561,000 will be recovered over the period July 1, 2001 to June 30, 2002 through an adjustment in the monthly mill rate charged Retail customers. The recovery rate of 1.77 mills per kWh was calculated by dividing total energy sales to Retail customers, in the 12 months ended December 31, 2000, into the amount to be recovered from Retail customers over the next 12 months.

During the month, total sales to Retail customers were 515.52 GWh and when multiplied by the recovery rate of 1.75 mills per kWh for the current month's sales results in $902,000 of the balance outstanding being recovered from Retail customers. Also during the month, total sales to Industrial customers were 107.22 GWh and when multiplied by the recovery rate of 2.80 mills per kWh results in $300,000 of the balance outstanding being recovered from Industrial customers.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN

January 2001

OVERALL SUMMARY
(in thousands of dollars)

	HYDRAULIC PRODUCTION VARIATIONS			LOAD VARIATIONS						FUEL COST VARIATIONS			RURAL RATE ALTERATION*			
				FIRM			SECONDARY									
MONTH	PRODUCTION	INTEREST	TOTAL[1] TO DATE	ENERGY SALES	INTEREST	TOTAL[1] TO DATE	ENERGY SALES	INTEREST	TOTAL[1] TO DATE	FUEL COST	INTEREST	TOTAL[1] TO DATE	RURAL CHANGE ADJUST	INTEREST	TOTAL[1] TO DATE	TOTAL TO DATE DUE FROM (TO) CUSTOMERS
January	(1,793) A	0	(1,793)	(704)	0	(704) B	0	0	0	7,280	0	7,280 C	(71) D	0	(71)	4,712 E = A+B+C+D
February																
March																
April																
May																
June																
July																
August																
September																
October																
November																
December																

[1] Values appearing in brackets indicate amounts due to customers, whereas unbracketed values indicate amounts due from customers.

* Net revenue/charge received by Hydro as a result of Newfoundland Power's rate adjustments.

Overall Summary: For January 2001, hydraulic production was up 88.13 GWh from the Cost of Service Study which resulted in Hydro owing Customers $1,793,000. Utility energy sales were 28.22 GWh more than the Cost of Service Study representing $704,000 due to retail customers. Large industrial energy sales were 0.21 GWh more than the Cost of Service Study and had a negligible effect on the Plan. Secondary energy sales were negligible. Total of these three load items resulted in an amount owing by Hydro to Customers of $704,000. Fuel consumed was 320,686 barrels at an average cost of $22.70 per barrel more than that used in the Cost of Service, resulting in a charge to customers of $7,280,000.

Netting all of the adjustments, the charge to the Plan for January 2001 including interest, was an amount owing to Hydro by Customers of $4,712,000.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN

January 2001

OVERALL SUMMARY

(in thousands of dollars)

	RETAIL CUSTOMER PLAN							INDUSTRIAL CUSTOMER PLAN							TOTAL HYDRO		
	CURRENT PERIOD			PRIOR PERIOD				CURRENT PERIOD			PRIOR PERIOD						
MONTH	ACTIVITY	INT.	TOTAL TO DATE	ADJ.	INT.	TOTAL TO DATE	RETAIL TOTAL TO DATE	ACTIVITY	INT.	TOTAL TO DATE	ADJ.	INT.	TOTAL TO DATE	INDUST. TOTAL TO DATE	TOTAL[1] CURRENT PERIOD	TOTAL PRIOR PERIOD	TOTAL TO DATE
Balance forward:						22,684	A 22,684						12,918	12,918		35,602	35,602
January	2,945 B	0	2,945	(902) C	153 D	21,935	24,880	1,790	0	1,790	(300)	88	12,706	14,496	4,735	34,641	39,376
February							E = A+B+C+D										
March																	
April																	
May																	
June																	
July																	
August																	
September																	
October																	
November																	
December																	

Interest calculated using Hydro's annual cost of debt at 8.40% beginning January, 2001. Values in brackets indicate balances due to customers, whereas unbracketed values indicate balances due from customers.

(1) Amount has been adjusted for portion associated with Labrador Interconnected customers.

The table opposite shows the breakdown of the Rate Stabilization Plan into the amount owing from Retail and Industrial customers for both the current and previous periods. As of the end of January 2001 the amount owing to Hydro by Retail customers was $24,880,000 and the amount owing to Hydro by Industrial customers was $14,496,000.