

**Newfoundland & Labrador Hydro 2001 Rate Hearing
Calculation of Retail Mill Rate using a 5, 10 & 15 Year Recovery Period**

Retail portion only

Calculation of mill rate using \$50 million RSP balance

Assumptions:

- 1) RSP retail balance is frozen at \$50 million and recovered over 5, 10 & 15 year period
- 2) Straight line recovery
- 3) Interest on outstanding balance not factored into calculation
- 4) Sales remain constant over the fifteen year period at 4,485,000 kWh /yr

$$\text{\$50,000,000} / 5 \text{ years} = \text{\$10,000,000} / 4,485,000 \text{ kWh} = 2.23 \text{ mills / kWh}$$

$$\text{\$50,000,000} / 10 \text{ years} = \text{\$5,000,000} / 4,485,000 \text{ kWh} = 1.11 \text{ mills / kWh}$$

$$\text{\$50,000,000} / 15 \text{ years} = \text{\$3,333,333} / 4,485,000 \text{ kWh} = 0.74 \text{ mills / kWh}$$

Retail portion only

Calculation of mill rate using \$60 million forecast RSP balance

Assumptions:

- 1) RSP retail balance of \$60,000,000 rounded (\$60,356,209 as of December 2001 (PUB - 81))
recovered over 5, 10 & 15 year period
- 2) Straight line recovery
- 3) Interest on outstanding balance not factored into calculation
- 4) Sales remain constant over the fifteen year period at 4,485,000 kWh /yr

$$\text{\$60,000,000} / 5 \text{ years} = \text{\$12,000,000} / 4,485,000 \text{ kWh} = 2.68 \text{ mills / kWh}$$

$$\text{\$60,000,000} / 10 \text{ years} = \text{\$6,000,000} / 4,485,000 \text{ kWh} = 1.34 \text{ mills / kWh}$$

$$\text{\$60,000,000} / 15 \text{ years} = \text{\$4,000,000} / 4,485,000 \text{ kWh} = 0.89 \text{ mills / kWh}$$