IN THE MATTER OF the *Electrical Power Control Act, 1994* (the "EPCA") and the *Public Utilities Act*, R.S.N. 1990, Chapter P-47 (the "Act") and their subordinate regulations; and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro ("Hydro") for approvals of: (1) Under Section 70 of the Act, changes in the rates to be charged for the Supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers; (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers; (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and (4) Under Section 41 of the Act, its 2002 Capital Budget.

RESPONSE TO NLH-92

POOLE, ALTHOUSE, THOMPSON & THOMAS
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Solicitors for the
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STEWART MCKELVEY STIRLING SCALES
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NLH-92 (Re: p.2, lines 8 and 9)

Q: Please provide the details of the calculations for the overall increase for NP & IC as shown in the table.

A: The base rate increases for NP are directly from Table 2 of Hamilton, page 9. The RSP increases for NP are directly from Osmond, page 2. The overall increase of 12.62% for NP listed in Mr. Osler's evidence is derived from IC-206(2), through comparison of the 2001 and 2002 mill rates (46.74 mills and 52.64 mills respectively) after RSP impacts.

As noted in footnote 1, the IC percentage increases for 2002 have been derived directly from forecasts. The IC kWh and billing demand load forecasts for 2002 are set out at JAB-1-page 21. Using the 2001 IC rates and the proposed 2002 IC rates (including specifically assigned charges), and assuming the 2002 IC load forecasts, the IC overall increase without RSP is 10.41% (this corresponds to Table 2 of Hamilton, page 9). Including RSP, the correct overall IC increase is 17.79% (the 18.67% shown at page 2, line 9 is not correct).

Mr. Osler has reviewed the information on average IC rates in the table in IC-206(2), IC-238 and IC-254, which are the detail from the table in Wells (page 26), and notes that comparison of these rates for 2001 and 2002 does not yield the above overall increases. This reflects three factors:

- first, different load factors (IC 206 assumes an 81 % average load factor for IC in each year, whereas the 2002 load forecasts for billing purposes indicates an average load factor of 89.43%);
- second, different provisions for specifically assigned charges (the formula used in IC-206 does not include any provision for these charges); and
- third, an error in the calculation of the industrial average rate as estimated in IC-206(2), IC-238, and IC-254.

The incorrect formula is shown in note 3 of IC-254 for calculation of the industrial average rate. The correct formula is as follows:

> Column 1 + ((Column 2 X 12 months)) ((365 days X 24 hours/day X 81% L.F.)) 100 cents/dollar))

Based on this corrected formula and the assumed 81% load factor, the average rate (¢/kW.h) for industrial sales in 2001 is 3.459¢/kW.h and in 2002 is 4.052¢/kW.h, for an overall increase for industrials of 17.14%. Based on the corrected formula and the 2002 forecast load factor of 89.43%, the overall increase for IC is 17.94%; this is adjusted to 17.79% if provision is made for changes in specifically assigned charges.