

1 Q. With reference to the Rate Stabilization Plan in Schedule A:

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3 1. Detail all the changes from this schedule to the existing plan.

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5 2. Since Jan. 1, 2000 how has the appropriate portion of the hydraulic  
6 variation, fuel price variation and the fuel component of the load  
7 variation been allocated to the Rural Island Interconnected  
8 Customers?

9

10 3. Since Jan 1, 2000, has any portion that may have been allocated to  
11 the Rural Island Interconnected Customers been re-allocated to the  
12 Island Industrial Customers?

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14 4. What is the rationale for using the 12 months-to-date kWh?

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16 5. Assuming that this allocation was in effect in 2000, provide the  
17 allocators (prior to re-allocation) for each of the three customer groups  
18 for each month in the year 2000.

19

20 6. Provide the kWh consumed by each of the three customer groups for  
21 each month in 2000.

22

23 A. 1. The Rate Stabilization Plan (RSP), as proposed with the 2001 Rate  
24 Application, includes several minor details, which are different from  
25 current practice, as follows:

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27 a. Hydraulic Production Variation:

- 1 - Addition of mini-hydro plants to the calculation of hydraulic  
2 production variation.  
3 - Holyrood conversion factor changed from 605 kWh/bbl to 610  
4 kWh/bbl.  
5  
6 b. Load Variation:  
7 Interruptible energy no longer included in the plan. Barrels related  
8 to this energy are also excluded from the fuel price variation  
9 calculation (along with the existing exclusion for barrels related to  
10 emergency sales).  
11  
12 c. Customer Splits:  
13 RSP split no longer based on Test Year Cost of Service Study  
14 (COS); instead, 12-month-to-date invoiced / bulk transmission  
15 energy used, as well as Test Year Rural deficit allocation.  
16  
17 d. Rate Calculation:  
18 Energy rates established on the same basis as split; i.e., 12-  
19 month-to-date invoiced / bulk transmission energy.  
20  
21 e. Other  
22 - Finance charge changed from Hydro's embedded cost of debt  
23 to Hydro's WACC.  
24 - RSP cap for NP of \$50 million increased to \$100 million.  
25  
26 2. Since Jan 1, 2000 the appropriate portion of the hydraulic variation,  
27 fuel price variation and the fuel component of the load variation have  
28 been allocated to the Rural Island Interconnected Customers based  
29 on the 1992 test year Cost of Service. The test year fuel expense has

1           been adjusted by the annual RSP activity, and the test year load data  
2           has been adjusted to agree with the annual load activity. The results  
3           of this modified test year Cost of Service determine the allocation of  
4           the annual activity to Newfoundland Power, Island Industrials, and  
5           Labrador Interconnected customers.

6  
7           3.     For 2000 and 2001 to date, the RSP allocations are based on the  
8           1992 test year, as described in Question 2. Since the 1992 test year  
9           allocated deficit to the Industrial Customers, and no other test year  
10          has yet been approved by the Board, the Industrial Customers are  
11          being allocated a portion of the RSP activity attributable to the rural  
12          customers.

13  
14          4.     As outlined on Page 15 of Mr. Brickhill's evidence, the current COS  
15          methodological changes permit the RSP plan activity to be split based  
16          on transmission energy only. Historically, annual energy numbers  
17          were determined by using year-to-date current numbers, and test year  
18          amounts for other months. The change to 12 months to date is  
19          intended to keep customer splits throughout the year reflective of  
20          current customer load, as well as more indicative of the December  
21          split, which still uses 12 months-to-date of actual kWh.

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23          5.     See attached.

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25          6.     See attached.

**2000 ALLOCATORS kWh Before allocating rural deficit, and re-allocating rural portion- Using proposed 2002 Allocations**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Newfoundland Power Co. Ltd.	4,069,413,434	4,120,685,384	4,150,173,171	4,153,531,659	4,211,085,252	4,231,868,585	4,233,823,479	4,242,667,843	4,246,896,639	4,232,968,019	4,233,301,474	4,263,083,656
Total Industrial	1,171,718,499	1,175,581,579	1,186,752,760	1,181,980,867	1,187,922,519	1,197,930,628	1,205,887,472	1,239,676,154	1,242,869,288	1,232,732,609	1,249,430,174	1,247,717,321
Bulk Rural	369,329,529	371,908,084	374,243,995	376,030,725	380,432,505	385,411,987	387,268,658	388,527,296	388,464,666	387,847,684	386,862,446	388,755,591
Total	5,610,461,462	5,668,175,047	5,711,169,926	5,711,543,251	5,779,440,276	5,815,211,200	5,826,979,609	5,870,871,293	5,878,230,593	5,853,548,312	5,869,594,094	5,899,556,568

**2000 CUSTOMER kWh**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Newfoundland Power Co. Ltd.	478,521,288	455,607,415	423,053,322	351,948,474	323,010,324	265,025,188	253,832,042	253,945,829	256,527,213	323,694,696	381,364,864	496,553,001
Total Industrial	108,400,336	97,686,325	106,896,688	100,854,513	97,967,062	107,031,923	110,550,686	109,411,025	104,832,064	98,226,060	108,244,837	97,615,802
Bulk Rural	39,500,830	36,894,366	36,121,774	32,469,564	32,474,300	28,541,966	28,320,177	26,860,249	24,829,320	30,217,641	32,379,819	40,145,585
<b>Total</b>	<b>626,422,454</b>	<b>590,188,106</b>	<b>566,071,784</b>	<b>485,272,551</b>	<b>453,451,686</b>	<b>400,599,077</b>	<b>392,702,905</b>	<b>390,217,103</b>	<b>386,188,597</b>	<b>452,138,397</b>	<b>521,989,520</b>	<b>634,314,388</b>