

1 Q. On what basis are amounts associated with hydraulic variations and fuel
2 prices allocated between the Retail Rate Stabilization Plan and the Industrial
3 Rate Stabilization Plan? Provide a sample calculation for April 2001.

4

5 A. Hydraulic variations and fuel costs are allocated between retail and industrial
6 customers based on generation energy.

7

8 Each month, test year energy is updated with actual energy to derive annual
9 energy ratios. A year-to-date allocation is performed and results are
10 subtracted from the prior month year-to-date allocation to obtain monthly
11 amounts.

12

13 The attached schedule shows a sample calculation for April 2001. Island
14 Interconnected Retailer, Industrial and Rural energy allocators are
15 recalculated for the year. The revised allocation is applied to the year to date
16 RSP activity. The Rural portion is allocated among customer groups based
17 on adjusted revenue requirement ratios.

RSP Allocation of Hydraulic Variation and Fuel Price Variation
April, 2001

Year to date Hydraulic Variation	\$ (4,167,010)	
Year to date Fuel Price Variation	25,711,500	
Total	<u>\$ 21,544,490</u>	(A)

	1	2	3	4	5	6
	Energy kWh (Note 1)	Ratio (Note 2)	Allocation of Costs (Amount (A) * Col 2)	Rural Deficit Ratios (Note 2)	Allocation of Rural Fuel (Amount B * Col 4)	Total (Col 3 + Col 5)
<u>Sales plus estimated losses</u>						
NF Power	4,499,050	0.7345	\$ 15,825,429	0.7671	\$ 902,839	\$ 16,728,267
Industrial Customers	1,291,302	0.2108	4,542,161	0.1837	216,226	4,758,387
Rural Customers	334,584	0.0546	1,176,901 (B)	-1.0000	(1,176,901)	-
Labrador Interconnected				0.0491	57,836	57,836
Total	<u>6,124,936</u>	<u>1.0000</u>	<u>\$ 21,544,490</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 21,544,490</u>

Note 1: 4 months actual, 8 months test year.

Note 2: Ratios are displayed at 4 decimal places but not truncated in the calculation.