

1    Q.    If all the conditions and requirements listed in PUB-149 NLH were satisfied,  
2           please quantify the potential dollar impact on Hydro's return and revenue  
3           requirement in the event that either the upper or lower bound reported in  
4           PUB-151 NLH is realized.

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7    A.    The lower bound will result in a reduction in revenues for the year of  
8           \$1,771,392 and the upper bound will result in a gain in revenues of  
9           \$4,952,640. Please see Page 2 for the calculation. Except for the PUB  
10          Assessment, which will show as an increase or decrease in the following  
11          year, the variation in revenues will generally flow through to return on a dollar  
12          for dollar basis. Please see the attached.

**NEWFOUNDLAND AND LABRADOR HYDRO**

CALCULATION OF VARIATION IN REVENUES RESULTING FROM A VARIATION  
IN NP NATIVE LOAD UNDER A DEMAND AND ENERGY RATE DESIGN

Line No.		Winter Peak Month (A)	Annual (B)
<b>A - Potential Load Variation Under a Demand and Energy Rate</b>			
<u>1. Forecast Billing Determinants</u>			
1	NP 2004 Forecast Native Load (MW)	1,179.2	
	Less NP Capacity (net of reserves)		
2	Hydraulic	79.3	
3	Thermal	45.5	
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4	Forecast Billing Determinants	1,054.4	12,652.8
<u>2. Upper and Lower Bounds</u>			
5	Lower Bound (98% of Forecast Billing Determinants)	1,033.3	12,399.7
6	Upper Bound (1.05 x NP forecast native load less NP generation net of reserves)	1,113.4	13,360.3
<u>3. Variation from Forecast (MW)</u>			
7	Lower Bound ( <i>line 5 - line 4</i> )	(21.1)	(253.1)
8	Upper Bound ( <i>line 6 - line 4</i> )	59.0	707.5
<b>B - Impact on Revenues</b>			
9	1 MW (1,000 kW) @ \$7.00/kW =	\$ 7,000	
10	Downside Variation ( <i>line 7 x line 9</i> )	\$ (147,616)	\$ (1,771,392)
11	Upside Variation ( <i>line 8 x line 9</i> )	\$ 412,720	\$ 4,952,640