

1 Q. Please file a calculation of the RSP adder applied to the rates of the ICs
2 and NP on the basis of actual data for 2005. Please show the calculation with
3 and without the addition of the potential amendment to stabilize Rural diesel
4 fuel and Rural power purchase price variations.

5

6

7 A. Please see Attachments 1 and 2 for actual 2005 RSP Adjustments for
8 Industrial Customers and Newfoundland Power. The potential amendment to
9 stabilize rural diesel fuel and rural power purchase price variations would
10 have no impact on Industrial Customer's RSP Adjustment rates. Page 2
11 attached shows an estimate of 2005 rural diesel fuel and rural power
12 purchase price variation impacts on NP's RSP Adjustment Rate.

Newfoundland and Labrador Hydro
RSP Proposal
Diesel Fuel Expense and Purchased Power Expense Variation

Diesel Fuel Expense Variation

1 2005 Actual average diesel fuel price (\$/litre)	0.664	
2 2004 Test Year average diesel fuel price (\$/litre)	<u>0.403</u>	
3	0.261	Line 1 - Line 2
4 2005 Actual diesel consumption (litres)	<u>14,262,000</u>	
5 Diesel Fuel Expense Variation (\$)	<u>3,722,382</u>	Line 3 x Line 4

Purchased Power Expense Variation

6 2005 Actual average purchase price (\$/kWh)	0.087	
7 2004 Test Year average purchase price (\$/kWh)	<u>0.047</u>	
8	0.04	Line 6 - Line 7
9 2005 Actual monthly purchases (kWh)	<u>16,406,000</u>	
10 Purchased Power Expense Variation (\$)	<u>656,240</u>	Line 8 x Line 9
11 Total Diesel Fuel and Purchased Power Expense Variation	4,378,622	Line 5 + Line 10
12 2004 Test Year Newfoundland Power Deficit Allocation	<u>88.58%</u>	
13 allocated to Newfoundland Power	3,878,583	Line 11 x Line 12
Newfoundland Power 12 months to date kWh sales per		
14 Attachment 2, Schedule A, Page 1 of 2	<u>4,716,235,662</u>	
RSP Adjustment Rate for Diesel Fuel and Purchased Power		
15 Expense Variation (mills per kWh)	<u>0.82</u>	Line 13/Line 14 x 1000

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Schedule C

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN RECOVERY
Industrial Customers

Page 1 of 1
December, 2004

Line

No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Historic Plan Balance</u>		
1	December Balance	\$ 32,268,586	December RSP, Page 18
2		divided by 3	
3	RSP to be recovered in 2005	\$ 10,756,195	Line 1/Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,432,581,251	December RSP, Page 14
5	(mills per kWh)	7.51	Line 3/Line 4*1000
	<u>Current Plan</u>		
6	December Balance	\$ 3,724,537	December RSP, Page 18
7	Forecast Financing Costs to December 31, 2005	\$ 148,439	Line 28
8	Total	\$ 3,872,976	Line 6 plus Line 7
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,432,581,251	December RSP, Page 14
10	(mills per kWh)	2.70	Line 8/Line 9*1000
	<u>Fuel Price Projection Rider</u>		
11	Industrial Fuel Price Projection	\$ 2,803,189	October filing
12	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,432,581,251	December RSP, Page 14
13	(mills per kWh)	1.96	Line 11/Line 12*1000
14	Total Current Plan (mills per kWh)	4.66	Line 10 plus Line 13
15	Industrial RSP Adjustment Rate	12.17	Line 14 plus Line 12

Industrial Customer Forecast Financing Charges
2005

2004 Test Year Weighted Average Cost of Capital per annum 7.568%
Nominal Financing Rate 7.318%

	<u>2004 Sales kWh</u>	<u>Financing Costs</u>	<u>Adjustment</u>	<u>Total To Date Balance</u>
16	Balance Forward			3,724,537
17	January	121,188,142	22,713	(327,208)
18	February	117,207,973	20,857	(316,462)
19	March	120,010,694	19,054	(324,029)
20	April	118,144,376	17,194	(318,990)
21	May	124,220,474	15,354	(335,395)
22	June	116,706,163	13,402	(315,107)
23	July	126,827,516	11,562	(342,434)
24	August	125,594,840	9,544	(339,106)
25	September	117,594,831	7,534	(317,506)
26	October	117,432,558	5,644	(317,068)
27	November	117,307,502	3,745	(316,730)
28	December	110,346,182	1,836	(297,935)
29	Total	1,432,581,251	148,439	(3,867,969)

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NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER
Industrial Customers

Page 1 of 2

October, 2004

Line

No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 32.15	From Page 2
2	2004 Test Year Fuel Forecast Price	\$ 27.65	
3	Forecast Fuel Price Variance	\$ 4.50	Line 1 - Line 2
4	2004 Test Year No. 6 Barrels Consumed	2,826,365	
5	Forecast Fuel Variance	\$ 12,718,643	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	22.04%	From Line 9
7	Industrial Customer Allocation September	\$ 2,803,189	Line 5 x Line 6

Calculation of Customer Allocation		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Oct 2003- Sep 2004) Utility Sales	4,638,997,871	71.87%	5.39%	77.26%
9	12 months to date (Oct 2003 - Sep 2004) Industrial Customer Sales	1,422,736,517	22.04%	0.00%	22.04%
10	12 months to date (Oct 2003 - Sep 2004) Bulk Rural Energy	393,308,540	6.09%	-6.09%	0.00%
11	Total	6,455,042,928			

Estimate of Industrial Fuel Price Projection Rider		Amount	Comments
<u>Rate Rider</u>			
12	Industrial Allocation September	\$ 2,803,189	From Line 7
13	12 months to date Industrial Sales (kWh)	1,422,736,517	From Line 9
14	Estimated Fuel Price Projection Rider (mills per kWh) ⁽¹⁾	1.97	Line 12/Line 13

⁽¹⁾ The Industrial allocation of \$2,803,189 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2004.

NEWFOUNDLAND AND LABRADOR HYDRO
Fuel Price Projection
As at September 30, 2004

Page 2 of 2

	\$/bbl
PIRA Forecast \$ US/bbl ⁽¹⁾	
2005 January	28.43
February	26.14
March	24.15
April	23.09
May	23.14
June	24.82
July	25.11
August	25.20
September	25.17
October	26.56
November	25.64
December	25.18
Average \$US/bbl ⁽²⁾	25.20
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$24.98
Can\$/US\$ Noon Exchange Rate ⁽³⁾	<u>1.2878</u>
NLH Fuel Price Projection (\$Can/bbl) ⁽²⁾	<u>\$32.15</u>

Notes:

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 30, 2004.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2004, rounded to 4 decimal places

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SCHEDULE A
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NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER
Utility Customer

April 2005

Line

No	Customer Allocation	Amount	Comments
1	March Fuel Price Projection	\$ 36.85	From Page 2
2	2004 Test Year Fuel Forecast Price	\$ 27.65	
3	Forecast Fuel Price Variance	\$ 9.20	Line 1 - Line 2
4	2004 Test Year No. 6 Barrels Consumed	2,826,365	
5	Forecast Fuel Variance	\$ 26,002,558	Line 3 x Line 4
6	Utility Customer Allocation Ratio for March	77.59%	From Line 8
7	Utility Customer Allocation	\$ 20,176,336	Line 5 x Line 6

Calculation of Customer Allocation			Percent of	Allocation	
		kWh	Total	Rural	Total
8	12 months to date (Apr 2004-Mar 2005) Utility Sales	4,716,235,662	72.27%	5.32%	77.59%
9	12 months to date (Apr 2004-Mar 2005) Industrial Customer Sales	1,417,722,384	21.72%	0.00%	21.72%
10	12 months to date (Apr 2004-Mar 2005) Bulk Rural Energy	392,104,308	6.01%	-6.01%	0.00%
11	Total	6,526,062,354			

Calculation of Utility Customer RSP Rate

Rate Rider

	Amount	Comments
12	Utility Allocation March	\$ 20,176,336 From Line 7
13	12 months to date Utility Sales (kWh)	4,716,235,662 From Line 8
14	Fuel Projection Rider (mills per kWh)	4.28 Line 12/Line 13
15	<u>March Balance</u>	\$ 4,551,044 March RSP
16	Forecast Financing Costs	\$ 232,158 From Line 38
17	Forecast Recovery to June 30	\$ (943,934) Lines 23 to 25
18	Total to be recovered	\$ 3,839,268
19	12 months to date (Apr 2003-Mar 2004) Utility Sales (kWh)	4,716,235,662 From Line 8
20	Balance Rate (mills per kWh)	0.81 Line 18/Line 19
21	RSP Adjustment Rate (mills per kWh)	5.09 Line 14 + Line 20

Utility Forecast Recovery
2005 - 2006

2004 Test Year Weighted Average Cost of Capital per annum 7.568%
Nominal Financing Rate 7.318%

	Sales kWh⁽¹⁾	Financing Costs	Adjustment	Total To Date Balance
22	Balance Forward			\$ 4,551,044
23	April	383,988,925	\$ 27,754	(353,270) 4,225,528
24	May	338,121,418	25,769	(311,072) 3,940,225
25	June	303,904,615	24,029	(279,592) 3,684,661
26	July	284,942,138	22,470	\$ (230,803) 3,476,328
27	August	276,991,451	21,200	(224,363) 3,273,165
28	September	291,340,889	19,961	(235,986) 3,057,140
29	October	340,525,270	18,643	(275,825) 2,799,958
30	November	415,680,677	17,075	(336,701) 2,480,332
31	December	511,420,672	15,126	(414,251) 2,081,207
32	January	583,161,213	12,692	(472,361) 1,621,538
33	February	483,475,126	9,889	(391,615) 1,239,812
34	March	502,683,268	7,561	(407,173) 840,199
35	April	383,988,925	5,124	(311,031) 534,292
36	May	338,121,418	3,258	(273,878) 263,672
37	June	303,904,615	1,608	(246,163) 19,117
38	Total		\$ 232,158 \$ (4,764,085)	

⁽¹⁾ Sales kWh actual utility sales from April 2004 to March 2005.

**NEWFOUNDLAND AND LABRADOR HYDRO
Fuel Price Projection
As at March 31, 2005**

	\$/bbl
PIRA Forecast \$ US/bbl ⁽¹⁾	
July	33.90
August	34.60
September	34.70
October	35.20
November	35.95
December	35.40
January	26.05
February	26.05
March	26.05
April	26.05
May	26.05
June	26.05
Average \$US/bbl ⁽²⁾	30.50
NLH TestYear Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$30.28
Can\$/US\$ Noon Exchange Rate ⁽³⁾	<u>1.2161</u>
NLH Fuel Price Projection (\$Can/bbl) ⁽²⁾	<u>\$36.85</u>

Notes:

- (1) The forecast for July to December is based on the PIRA monthly short-term forecast dated March 31, 2005. The forecast for January to June is based on the PIRA annual long-term forecast dated March 4, 2005.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of March, 2005, rounded to 4 decimal places.

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NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN DECEMBER 2003 PLAN RECOVERY
Utility Customer

April 2005

Line No	Calculation of Utility Customer RSP Rate	Amount	Comments
	<u>Historic Plan</u>		
1	December, 2004 balance	\$ 101,659,510	December RSP, Page 13
2	Forecast Financing Costs to June 30	\$ 3,507,454	From Line 16
3	Forecast Recovery to June 30	\$ (15,345,722)	From Line 16
4	Total	\$ 89,821,243	Lines 1 to 3
5		divided by 3	
6	RSP to be recovered in 2005 - 2006	\$ 29,940,414	Line 4/Line 5
7	12 months to date (Jan - Dec 2004) Utility Sales (kWh)	4,708,712,512	December RSP, Page 8
8	RSP Adjustment Rate (mills per kWh)	6.36	Line 6/Line 7

Utility Forecast Recovery
2004 - 2005

2004 Test Year Weighted Average Cost of Capital per annum 7.568%
Nominal Financing Rate 7.318%

	Sales kWh ⁽¹⁾	Financing Costs	Adjustment	Total To Date Balance
9 Balance Forward				\$ 101,659,510
10 January	543,497,560	619,954	(3,222,941)	99,056,523
11 February	508,505,632	604,080	(3,015,438)	96,645,165
12 March	509,793,265	589,374	(3,023,074)	94,211,465
13 April	383,988,925	574,533	(2,277,054)	92,508,944
14 May	338,121,418	564,150	(2,005,060)	91,068,034
15 June	303,904,615	555,363	(1,802,154)	89,821,243
16 Total		\$ 3,507,454	\$ (15,345,722)	

⁽¹⁾ Sales kWh actual utility sales from January to June 2004.