

1 Q. **Rate and other Impacts of the Settlement**

2 Please set out in detail indicating the corrections and updates the effect on
3 the test year revenue requirement and the effect on the forecast return on
4 rate base for the test year that can be attributed directly to the updating of
5 forecasts and the correction of errors.

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8 A. The following are the changes in revenue requirement arising from forecast
9 changes or error corrections (from Schedule A, pages 3 and 4 from the
10 revised filing).

11
12 1. Salaries and Fringe Benefits

- 13 • \$230,000 - Natuashish salaries/overhead
14 • (\$175,000) - decrease in capitalized expenses re PUB non-approval of
15 Holyrood study and ramps projects

16
17 2. System Equipment Maintenance

- 18 • \$220,000 - Natuashish

19
20 3. Insurance

- 21 • \$167,000 - updated insurance budget as per CA 150 NLH-1st Rev. NLH.

22
23 4. Transportation

- 24 • \$35,000 - Natuashish

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26 5. Office Supplies Expenses

- 27 • \$4,000 - Natuashish

1 6. Building Rentals and Maintenance

- 2 • \$26,000 - Natuashish

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4 7. Travel Expenses

- 5 • \$42,000 - Natuashish

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7 8. Equipment Rentals

- 8 • \$5,000 - Natuashish

- 9 • \$150,000 - correct error, as per NP 13 NLH

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11 9. Miscellaneous Expenses

- 12 • \$35,000 - Natuashish

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14 10. Cost Recoveries

- 15 • (\$700,000) - Natuashish contribution

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17 11. Allocated to non-regulated customer

- 18 • (\$23,000) - COS Allocation resulting from other changes

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20 12. No. 6 Fuel

- 21 • \$1,707,000 decline in forecast No. 6 market prices from \$56.59 to
22 \$55.38/bbl.

- 23 • \$3,307,000 forecast adjustments for COS purposes to reflect NP's
24 Rattling Brook normal production.

25

26 13. Diesel and Other

- 27 • \$1,744,000 - Natuashish fuel

- 28 • (\$148,000) increase in forecast price

1 14. Purchased Power

- 2 • \$21,000 - due to fuel-price based contracts
- 3

4 15. Depreciation and Loss on Disposal

- 5 • \$304,000 - reduction in retirements/loss on disposal - as filed
- 6 \$1,670,000 now \$1,366,000 (error noted in Grant Thornton report)
- 7 • (\$7,000) - increase in depreciation related to decrease in
- 8 retirements/loss on disposal
- 9 • \$139,000 - depreciation on projects not approved by PUB - ramps and
- 10 Holyrood assessment
- 11

12 16. Return on Rate Base

- 13 • \$1,381,000 - decrease in ROE 5.20% to 4.47%
- 14 • \$1,491,000 - decrease in cost of debt 8.39% to 8.26%
- 15 • \$140,000 - related to reduction in rate base
- 16

17 The total impact on revenue requirement attributable to updating of forecasts is

18 \$9,709,000 and an additional \$454,000 is attributable to error correction,

19 totalling \$10,163,000.