

1 **Q. Please provide NP's year-end hydraulic storage in GWh for each year from 2010 to**
 2 **2014, as well as 2015 and 2016 forecast year-end storage levels.**

3
 4 A. Table 1 provides Newfoundland Power's year-end hydraulic storage for 2010 to 2014,
 5 including the 2015 and 2016 forecast.
 6
 7

Table 1
Year-end Hydraulic Storage
(Gwh)

2010A	2011A	2012A	2013A	2014A	2015F	2016F
72	44	41	49	53	53	53

8
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 10 Newfoundland Power normalizes Newfoundland Power's annual energy supply costs for
 11 variations in the Company's hydro production due to abnormal precipitation levels
 12 through the use of the Hydro Production Equalization Reserve (the "Hydro Reserve").¹
 13 The purpose of this reserve is to stabilize rates for customers.
 14

15 The primary assumption under the current methodology for the normalization of stream-
 16 flows to effectively normalize purchased power expense on an annual basis is that the
 17 Company's hydro production can always match the stream-flows (in GWh) on a calendar
 18 year basis. However, hydro production cannot always match annual stream-flows due to
 19 the timing of stream-flows, limitations to hydro plant production capabilities, and other
 20 unforeseen circumstances that affect hydro plant availability. The result of annual hydro
 21 production differing from annual inflows results in variability in supply costs from year
 22 to year.
 23

24 For the 2015 and 2016 forecast years, Newfoundland Power is assuming normal stream
 25 flows and production and therefore no change in year-end storage from that of 2014.

¹ The implementation of the Hydro Reserve was approved by the Board in Order No. P.U. 32 (1968). The Hydro Reserve is one of two components in the Weather Normalization Reserve, with the Degree Day Normalization Reserve being the other. The Degree-Day Normalization Reserve enables the Company to normalize its sales and purchases for annual variations in weather (i.e., specifically temperature and wind).