

1 **Q. Please provide NP’s year-end hydraulic storage in GWh for each year from 2010 to**  
2 **2014, as well as 2015, 2016 and 2017 forecast year-end storage levels.**

3  
4  
5 A. Table 1 provides Newfoundland Power’s year-end hydraulic storage for 2010 to 2014,  
6 including the 2015, 2016 and 2017 forecast.  
7  
8

**Table 1**  
**Year-end Hydraulic Storage**  
**(Gwh)**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015F</b>	<b>2016F</b>	<b>2017F</b>
72	44	41	49	53	53	53	53

9  
10  
11 Newfoundland Power normalizes Newfoundland Power’s annual energy supply costs for  
12 variations in the Company’s hydro production due to abnormal precipitation levels  
13 through the use of the Hydro Production Equalization Reserve (the “Hydro Reserve”).<sup>1</sup>  
14 The purpose of this reserve is to stabilize rates for customers.  
15

16 The primary assumption under the current methodology for the normalization of stream-  
17 flows to effectively normalize purchased power expense on an annual basis is that the  
18 Company’s hydro production can always match the stream-flows (in GWh) on a calendar  
19 year basis. However, hydro production cannot always match annual stream-flows due to  
20 the timing of stream-flows, limitations to hydro plant production capabilities, and other  
21 unforeseen circumstances that affect hydro plant availability. The result of annual hydro  
22 production differing from annual stream-flows results in variability in supply costs from  
23 year to year.  
24

25 For the 2015, 2016 and 2017 forecast years, Newfoundland Power is assuming normal  
26 stream-flows and production and therefore no change in year-end storage from that of  
27 2014.

---

<sup>1</sup> 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).