

1 Q. (Summary Report – Additional Cost of Service Information, pages 12 and 13, Tables
2 8 and 9) For the Expected Supply Scenario, if it were assumed that rates in 2018 for
3 Island Customers remained frozen at today’s levels and that Hydro were granted
4 interim rates for 2018 consistent with the amounts shown in Table 8, but that the
5 additional revenue were held in a deferral account for full recovery in 2019, what
6 would be the resulting rate changes for Island Customers in 2019; i.e., after
7 accounting for money accumulated in the 2018 interim rates deferral account?
8
9

10 A. The rate increases provided in Tables 8 and 9 reflect several factors, including: a
11 change in base rate revenue requirement; the elimination of the fuel rider upon the
12 approval of new base rates reflecting a No. 6 fuel price of approximately \$64; the
13 continuation of the existing Rate Stabilization Plan (RSP) recovery adjustment; and
14 the continuation of the RSP mitigation adjustment.
15

16 On July 1, 2018, Hydro is required to update the aforementioned RSP factors,
17 including the conclusion of the RSP mitigation adjustment. As such, the customer
18 rate impacts of this update will occur in 2018; therefore, to provide a reasonable
19 projection of expected customer impacts for 2019 will need to give consideration to
20 the new RSP factors to become effective July 1, 2018.

1 The recovery of the 2018 and 2019 Test Year revenue deficiency under the
2 Expected Supply Scenario through a single rate increase effective January 1, 2019
3 would result in an end-consumer rate increase of 7.1%.¹ CA-NLH-278, Attachment 1
4 provides the supporting calculations for the 7.1% base rate increase. This
5 adjustment does not include any impacts from RSP updates scheduled to occur on
6 July 1, 2018.

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8 Hydro's RSP update, due on April 13, 2018, will reflect a No. 6 fuel price projection
9 of approximately \$86 CDN per barrel, similar to the price forecast reflected in
10 Hydro's 2017 GRA filing.

¹ As shown in Table 7, under the Expected Supply Scenario Hydro has a revenue deficiency of \$43.4 million in 2018 and \$19.9 million in 2019 from Newfoundland Power. For this response, Hydro has assumed that the \$43.4 million 2018 revenue deficiency is recovered over a 20 month period beginning January 1, 2019. This results in a base rate increase to Newfoundland Power of \$45.9 on January 1, 2019 which would translate to a wholesale utility rate increase of 10.6% (7.1% to end-consumers).

Newfoundland and Labrador Hydro
2019 Required Increase in Customer Billings - Expected Supply Scenario
Newfoundland Power

	2019 Billing Units at 2018 First Block Size	2019 Test Year Billing Units	Unit	Existing Rates ¹	Existing Base Rate Billings (\$)	2019 Test Year Revenue Requirement (\$)	2018 Revenue Deficiency (12/20) (\$)	2019 Base Rate Billings (\$)	Change (\$)	Percent Change Utility	End- Consumer
Demand (kW)	15,164,832	15,158,472	\$/kW/mo	4.75	72,032,952						
Energy (MWhs)	3,000,000	3,480,000	¢/kWh	2.226	66,780,000						
Energy (MWhs)	2,833,600	2,353,600	¢/kWh	10.422	295,317,792						
Total Base Rate					434,130,744	453,977,031	26,046,970	480,024,001	45,893,257	10.6%	7.1%

¹ Based on rates effective July 1, 2017.