

- 1 Q. **2018 Cost Deferral and Interim Rates Evidence - Revision 2, November 14, 2018**  
2 Evidence, Schedule 1, page 5 of 81, lines 19-20 - Hydro stated that it has also  
3 updated its diesel and gas turbine fuel price forecast to reflect the September 2018  
4 forecast for the 2019 fuel price. Please provide this updated fuel price forecast and  
5 explain its impact on the 2018 Test Year and 2019 Test Year.  
6  
7  
8 A. Hydro notes that there is no impact on the 2018 Test Year as a result of the updated  
9 fuel price forecasts. Hydro has proposed that the 2018 Test Year will operate  
10 relative to the 2015 Test Year for its supply cost deferral accounts. As such, any  
11 variations in the 2018 fuel price relative to the 2015 Test Year will be accounted for  
12 in the appropriate supply cost deferral account.<sup>1</sup>  
13  
14 Table 1 provides a comparison of the forecast prices of No. 6 and No. 2 fuel  
15 between the July 2018 filing and the October 2018 filing. Hydro has also updated  
16 the forecast cost of power purchases on its isolated systems as power purchase  
17 contracts are linked to the cost of No. 2 fuel.

**Table 1: 2019 Test Year Fuel and Power Purchase Price Summary**

Particulars	July 2018	October 2018
No. 6 Fuel (\$/Barrel)	85.55	92.50
No. 2 Fuel (\$/Liter)	1.235	1.234
Power Purchases (Isolated Systems) (\$/kWh)	0.1506	0.1499

---

<sup>1</sup> Specifically, the Rate Stabilization Plan, the Energy Supply Cost Variance Deferral Account, the Holyrood Conversion Rate Deferral Account, and the Isolated Systems Cost Variance Deferral Account.

- 1 Table 2 provides the revenue requirement impact of the changes to Hydro’s 2019  
2 Test Year fuel price forecast.

**Table 2: 2019 Test Year Revenue Requirement Summary (\$ Millions)**

<b>Particulars</b>	<b>July 2018 (a)</b>	<b>October 2018 (b)</b>	<b>Fuel Price Impact (c = b - a)</b>
No. 6 Fuel	82.5	137.9	55.4
No. 2 Fuel	21.2	21.1	(0.1)
Power Purchases (Isolated Systems)	3.9	3.9	0.0
<b>Total</b>	<b>107.6</b>	<b>162.9</b>	<b>55.3</b>

- 3 Table 2 shows the change in the price of No. 6 fuel increased the projected 2019  
4 Test Year revenue requirement by approximately \$55 million.