

1 Q. Explain why there remained a Historical RSP Balance of (\$1,382,925) at the end of
2 the five year collection period to recover the Historical Balance, notwithstanding
3 Hydro's projection, as represented in Table 13 to the "Review of the Operation of
4 the Rate Stabilization Plan", that the Historical Plan balance would be paid down
5 completely by December 2007 and notwithstanding the Province's payment of
6 \$10.0 million to Hydro in October 2006 to allow Hydro "to recover the historical
7 deficit on time, without passing additional costs onto the remaining industrial
8 customers" (in the words of the Honourable Minister Dunderdale at the time),
9 which additional costs would have otherwise arisen due to the shutdown of the
10 Abitibi mill in Stephenville, as approved by P.U. 31(2006).

11

12

13 A. The Industrial Customer RSP Historical Rate for 2007 was based on the balance at
14 December 31, 2006 divided by actual kWh Industrial Customer Sales for 2006.
15 Under this methodology, a balance remaining would be expected due to interest
16 charged to the plan during 2007 and a difference in recovery resulting from actual
17 kWhs varying from the forecasted kWhs used in the mill rate calculation. For 2007,
18 the balance remaining at year end was also affected by Board Order Nos. P.U. 1 and
19 8 (2007). The contribution of each of these components to the balance remaining is
20 quantified in the table below.

Analysis of Industrial Customers Historical RSP Balance remaining at the end of the five year collection period	
	\$ 000's
Allocation of hydraulic variation to Industrial Customers per Board Order No. P.U. 8 (2007)	(2,086) See IC-NLH-4 attachment 1 page 13 note 3
Refund to Aur Resources per Board Order No. P.U. 1 (2007)	129 See IC-NLH-4 attachment 1 page 13 note 4
Interest charged to the Industrial Customer Historical Plan Balance in 2007	219 See IC-NLH-4 attachment 1 page 13 column E
Variance in recovery of historical balance due to kWh variance	Calculated using a kWh variance of 29,265,517
	355 multiplied by rate of 1.215 cents per kWh
	<u>(1,383)</u> Credit balance due to Industrial Customers