1	Q.	If Hydro was to run a Cost of Service Study as of June 30, 2009, what would be the
2		revenue requirement of the Industrial Customer class?
3		
4		
5	A.	Hydro is unable to run a complete Cost of Service Study, as the underlying forecast
6		data is not yet available. However, the following pages show the calculation, and
7		assumptions, of a revised 2007 Cost of Service Study, which produces an Industrial
8		Customer revenue requirement of \$22.1 million. The calculations assume:
9		 Holyrood fuel and Specifically Assigned Charges are the only changes in the
10		2007 revenue requirement;
11		 No demand or energy for 2007 Test Year for Abitibi Consolidated
12		Stephenville or Abitibi Consolidated Grand Falls;
13		 Corner Brook Pulp and Paper Limited's annual requirements are:
14		o Power on Order - 26 MW
15		o Energy - 170,400 MWh
16		 Holyrood Fuel is reduced by 666,503 barrels, or \$36.9 million.

NEWFOUNDLAND and LABRADOR HYDRO 2007 Forecast Cost of Service Island Interconnected Functional Classification of Revenue Requirement

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
				Production and		Rural Prod &					Distributi							Specifically
Line		Total	Production	Transmission	Transmission	Transmission	Substations	Primary	Lines	Line Tra	nsformers	Seconda	ry Lines	Services	Meters	Street Lighting	Accounting	Assigned
No.	Description	Amount	Demand	Energy	Demand	Demand	Demand	Demand	Customer	Demand	Customer	Demand	Customer	Customer	Customer	Customer	Customer	Customer
	2007 Test Year 'Total Revenue	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1	Reqmt	381,861,748	90,158,328	228,395,301	24,007,117	11,231,328	2,080,896	9,003,924	2,160,415	565,866	1,001,630	1,209,940	1,323,468	699,887	504,918	256,932	2,898,895	4,905,094
2	Reduction in No. 6 Fuel - Line 37			(20,024,200,20)														
2	Reduction in Specifically			(36,924,266.20)														
3	Assigned Charges																	(105,891)
4	Revised Revenue Requirement	344,831,591	90,158,328	191,471,034	24,007,117	11,231,328	2,080,896	9,003,924	2,160,415	565,866	1,001,630	1,209,940	1,323,468	699,887	504,918	256,932	2,898,895	4,799,203
	_																	
								ı	Basis of Allocation	to Industrial C	ustomer Firm							
														(Wtd Rura	al Cust)			
			(1 CP kW)	(MWh @ Gen)	(CP kW)	(CP kW)	(CP kW)	(CP kW)	(Rural Cust)	(CP kW)	(Rural Cust)	(CP kW)	(Rural Cust)	(,		(Rural Cust)	
5	2007 Test Year Industrial - Firm		108,492	922,411	105,280	-	-	-	-	-	-	-	-	-	-		-	-
-	Revised Industrial - Firm - Lines 24 and 30		58,632	502,515	56,896													
0	Revised Prior Year Industrial		36,032	302,313	30,830													
7	Revenue Requirement																	
	Variance from Test Year	_																
	Allocation Amount - Line 5 -		(40.050)	(440.007)	(40.204)													
8	Lines 6 and 7 2007 Test Year Total Allocation		(49,860)	(419,897)	(48,384)	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Amounts -		1,307,505	6,412,426	1,305,496	81,635	77,163	77,163	22,926	70,095	22,926	70,095	22,926	30,916	30,916		22,926	-
	Revised Total Test Year	_																
	Allocation Amount - Line 9 - Line																	
10	8	_	1,257,645	5,992,529	1,257,112	81,635	77,163	77,163	22,926	70,095	22,926	70,095	22,926	30,916	30,916	-	22,926	
	Industrial Customer Allocation																	
11	Percentage - Line 6 / Line 10		0.0466	0.0839	0.0453	-	-	-	-		-		-			-		
								Alloca	tion of Functionalis	zed Amounts to	Industrial Customer	s						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
				Production and		Rural Prod &					Distributi							Specifically
	Description	Total Amount	Production Demand	Transmission Energy	Transmission Demand	Transmission Demand	Substations Demand	Primary Demand	Customer	Line Tra Demand	nsformers Customer	Seconda Demand	ry Lines Customer	Services Customer	Meters Customer	Street Lighting Customer	Accounting Customer	Assigned Customer
	2007 Test Year Industrial Custom		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
12	Revenue Requiremt	43,126,054	7,481,039	32,854,095	1,936,022	-	-	-	-	-	-	-	-	-	-	-	-	789,635
	Re-classification of Revenue-																	
	Related Total Revenue Requirement	43,126,054	11,338	49,794	2,934	-	-	-	-	-	-	-	-		-	-	-	1,197
14	Total Neverlue Nequirement	43,126,054	7,492,378	32,903,889	1,938,956	-		-					-					790,832
	Revised Industrial Customer Firn	n	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	Revenue Requiremt - Line 4 *		***			***	***	***	***	***	***	•••		•••		***	•••	
15	Line 11	22,057,763	4,203,230	16,056,160	1,086,545	-	-	-	-	-	-	-	-	-	-	-	-	683,744
	Re-classification of Revenue- Related	(0)	5,358	20,469	1,385													872
	Total Revenue Requirement	(0) 22,057,762	4,208,589	16,076,628	1,087,930													684,616
-	•	,,,	, ,	.,,	,,													,
18	Difference Line 17 - Line 14	(21,068,292)	(3,283,789)	(16,827,261)	(851,026)	-	-	-	-	-	-	-	-	-	-	-	-	(106,216)

NEWFOUNDLAND & LABRADOR HYDRO 2007 Forecast Cost of Service

Island Interconnected Functional Classification of Revenue Requirement (CONT'D.)

	1	19	20
	1		ue Related
Line		Municipal	PUB
No.	Description	Тах	Assessment
1	Total Revenue Reqmt	897,302	560,508
2	Reduction in No. 6 Fuel - Line 37		
3	Reduction in Specifically Assigned Charges		
4	Revised Revenue Requirement	897,302	560,508
		В	asis of Allocation to
		(Rural	
		Revenues)	(Revenues + RSP)
5	Industrial - Firm	-	46,553,585
6	Revised Industrial - Firm - Lines 24 and 30		
7	Revised Prior Year Industrial Revenue Requirement		18,633,554
8	Variance from Test Year Allocation Amount - Line 5 - Lines 6 and 7		(27,920,031)
9	Total	37,217,493	399,817,702
10	Revised Total Test Year Allocation Amount - Line 9 - Line 8	37,217,493	371,897,671
11	Industrial Customer Allocation Percentage - Line 7 / Line 10		0.0501
	modular costonici / mocador / ciccinage Line / / Line 10		0.0301
		_	
	1	19	llocation of Function 20
	-		ue Related
		Municipal	PUB
	Description	Tax	Assessment
4.2	2007 Test Year Industrial Customer Firm		(\$)
12	Revenue Requiremt	-	65,264
	Re-classification of Revenue-Related Total Revenue Requirement		(65,264)
14			
	Revised Industrial Customer Firm		(\$)
15	Revenue Requiremt - Line 4 * Line 11		28,084
	Re-classification of Revenue-Related		(28,084)
	Total Revenue Requirement		(0)

NEWFOUNDLAND and LABRADOR HYDRO 2007 Forecast Cost of Service

						2007 1016	cast cost of se	IVICE			
						Island	Interconnecte	d			
	1	2	3	4	5	6	7	8	9	10	11
				2007 Test Year					Adjustments		
	Industrial Customer Demand										Coincident
						Coincident					kW
						kW			Revised Forecast	Coincident	@Transmissi
		Forecast Power	Loss and	Coincident kW @		@Transmissi	2010 Forecast	Estimated	Power on Order	kW@	on
Line		on Order	Coincidence factor	Generation		on	Power on	Additional	(kW)	Generation	(Col 10*Col
No.		(kW)	Adjustment	(Col 2*Col 3)		(Col 4*Col 5)	Order	Reduction	(Col 7+Col 8)	(Col 9*Col3)	5)
19	Abitibi Price - Stephenville	3,000	92.33%	2,770	97.04%	2,688	0		-	-	-
20	Abitibi Price - Grand Falls	20,000	92.33%	18,467	97.04%	17,920	0		-	=	-
21	Corner Brook Pulp & Paper Co. Ltd.	54,000	92.33%	49,860	97.04%	48,384	32,000	(8,000)	24,000	22,160	21,504
	N. Atlantic Refining Ltd.	30,500	92.33%		97.04%	27,328	30,500		30,500	28,162	27,328
23	Aur Resources	10,000	92.33%	9,233	97.04%	8,960	9,000		9,000	8,310	8,064
24	TOTAL INDUSTRIAL	117,500		108,492		105,280			63,500	58,632	56,896
	1 Industrial Customer Energy	2	3 2007 Test Year	4	5	6	7 ustments	8	1		
	Industrial Customer Energy		2007 Test Year			Adj					
					2010		Revised Forecast				
		Forecast		MWh at	Forecast	Estimated		MWh at			
		Sales		Generation	Sales			Generation			
		(MWh)	Loss Factor	(Col 2*(1+Col 3))	(MWh)		(Col 5 + Col 6)				
25	Abitibi Price - Stephenville	5,700	3.14%	5,879	-	neddetion	(001310010)	(0017 (110013)			
26	Abitibi Price - Grand Falls	131,400	3.14%	135,530	_		_	_			
27	Corner Brook Pulp & Paper Co. Ltd.	447,600	3.14%		239,800	(69,400)	170,400	175,756			
28	N. Atlantic Refining Ltd.	245,300	3.14%	253,011	254,300	(,,	254,300	262,294			
29	Aur Resources	64,300	3.14%		62,500		62,500	64,465			
30	TOTAL INDUSTRIAL	894,300		922,411			487,200	502,515	1		
									•		
	1		2								
	No. 6 (Holyrood) Fuel										
	2007 Test Year MWh at Generation - Line 30		922,411								
32	Revised MWh at Generation - Line 30		502,515	•							
	Decrease in MWh			Line 31 - Line 32							
	Holyrood Efficiency Factor (kWh/bbl)	,	630								
35	Decrease in Required No. 6 Fuel barrels		(666,503)	Line 33 * Line 34							

55.40 (36,924,266.20) Line 35 * Line 36

	1	2	3	4
	Prior Year Revenue	2009 Forecast Sales (\$)	2009 Forecast RSP (\$)	2009 Forecast Total (\$)
38	Abitibi Price - Stephenville	-		.,,
39	Abitibi Price - Grand Falls	647,171	(51,649)	595,522
40	Corner Brook Pulp & Paper Co. Ltd.	7,839,690	(934,790)	6,904,900
41	N. Atlantic Refining Ltd.	10,963,062	(1,784,295)	9,178,766
42	Aur Resources	3,203,472	(1,249,106)	1,954,366
43	TOTAL INDUSTRIAL	22,653,394	(4,019,840)	18,633,554

36 2007 Test Year Fuel Forecast Price (\$) 37 Reduction in 207 Forecast Holyrood Fuel (\$)