1 **Q.   (Volume 2, Tab 6, page 5, Section 4.0) Please show the impact on revenue**
2 **requirement and required rate increase for the test year for a demand scenario with**
3 **no change in demand (i.e., 0% load growth) and demand 1% greater than forecast.**
4 **What is the probability of demand falling within this range?**
5
6 A.   Table 1 provides the impact on revenue requirement and the impact on the required rate
7   increase for the test year for a scenario with no change in customer peak demand
8   requirements from 2009 to 2010.
9

10   **Table 1**
11   **No Peak Demand Growth 2009 to 2010**
12

Impact ($000)		Calculations
Demand	(25.62) MW	$1{,}237.07 \text{ MW}^{1} - 1{,}262.69 \text{ MW}^{2} = (25.62) \text{ MW}$
Revenue Requirement	($1,230)	$(25.62) \text{ MW} \times \$4 \times 12 = (\$1{,}230)$
Municipal Taxes	($30)	$\$1{,}230 \times 2.447\%^{3} = \$30$
Customer Rate Change	($1,260)	
Rate Change Impact	(0.22%)	$\$1{,}260 \text{ divided by } (\$568{,}731 - \$3{,}805)^{4}$

13
14
15   Table 2 provides the impact on revenue requirement and the impact on the required rate
16   increase for the test year for a scenario with customer peak demand requirements being
17   1% higher than the 2010 test year forecast.
18

19   **Table 2**
20   **1% Increase in 2010 Test Year Peak Demand Forecast**
21

Impact ($000)		Calculations
Demand	12.63 MW	$1{,}262.69 \text{ MW}^{2} \times 1\% = 12.63 \text{ MW}$
Revenue Requirement	$606	$12.63 \text{ MW} \times \$4 \times 12 = \$606$
Municipal Taxes	$15	$\$606 \times 2.447\%^{3} = \$15$
Customer Rate Change	$621	
Rate Change Impact	0.11%	$\$621 \text{ divided by } (\$568{,}731 - \$3{,}805)^{4}$

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[1]   Weather Adjusted Native Load for 2008/2009. This amount is used to calculate Newfoundland Power's billing
         demand from Hydro in 2009.
[2]   2010 Forecast Native Peak, Table 5-4, page 5, *Section 5.2.2, The Forecast.*
[3]   MTA factor of 1.02447 effective July 1, 2009.
[4]   2010 Existing revenue from customer rates less price elasticity effects, Exhibit 10.

1   Newfoundland Power has limited experience under the demand and energy rate. As a
2   result, it has insufficient historical data to provide a probabilistic estimate of the
3   likelihood that its billing demand from Hydro will fall within a specific range.