Q. **C-6: Install Variable Frequency Drives on Forced Draft Fans, Holyrood; 2013: $697,600; 2014: $2,659,700**

In the report entitled: Install Variable Frequency Drives on Six Forced Draft Fans, located in Volume I, Tab 2, Hydro states, in the Summary, p. i, that:

> *"This project will yield an annual savings of $2.2 million while the Holyrood plant is generating electricity when compared to the status quo of constant speed fan motors."*

On p. 8 of the same report Hydro states that:

> *"Once operational the VFDs will yield an average annual fuel savings of $4.7 million to Hydro while the Holyrood Thermal Plant is generating electricity."*

These numbers are also found in other sections of the report.

Please recalculate the Net Present Value Analysis found in Table 2, p. 8 of the report using test year figures for the efficiency factor and the 2012 forecast cost of a barrel of oil, used in the application for approval of a rate, effective July 1, 2012, to be charged to Newfoundland Power Inc.

A. The Net Present Value Analysis recalculated using efficiency factor of 630 kWh/bbl, as last approved by the Board, and the 2012 forecast cost of a barrel of oil of $118.80/bbl, as per the application for the July 1, 2012 rate to be charged to Newfoundland Power Inc., is as follows:

Install Variable Frequency Drives on 6 FD Fans

Alternative Comparison

Cumulative Net Present Value

To The Year

2016

Alternatives	Cumulative Net Present Value (CPW)	CPW Difference between Alternative and the Least Cost Alternative
Status Quo	9,120,175	3,564,480
VFD	5,555,695	0