

1 Q. In Mr. Fagan's testimony of October 5, 2015 (pages 97-98), Mr. Fagan notes that
2 the 2016 fuel price forecast was likely to be close to \$70/bbl, and points to PUB-
3 NLH-485 as a reasonable new estimate of rates given that the response to PUB-
4 NLH-485 was calculated based on a Test Year fuel price of \$73.35/bbl (which is close
5 to \$70/bbl) (Ref: page 98 lines 15-23). Please confirm that the October 28, 2015
6 Interim Rates Application now updates the 2015 Test Year Fuel Price to \$64.41/bbl
7 (per item 12, page 5) and provide an updated version of PUB-NLH-485 to reflect this
8 fuel price for the 2015 Test Year.

9

10

11 A. The revised 2016 fuel price forecast of approximately \$69 per barrel is consistent
12 with Mr. Fagan's testimony. However, the 2016 fuel cost¹ forecast of \$64.41 per
13 barrel (\$Cdn) is based on the approximate \$69 per barrel fuel price forecast for
14 2016 but also incorporates the average cost of No. 6 fuel inventory at year-end
15 2015.

16

17 Please see IC-NLH-007 Attachment 1 for an updated version of Table 2 from PUB-
18 NLH-485 to reflect the use of the forecast fuel cost of \$64.41 per barrel (\$Cdn) in
19 the 2015 Test Year.

¹ Hydro refers to fuel price as the amount paid the supplier for fuel purchases and refers to fuel cost as the dollar amount of fuel consumed, which is affected by purchases as well as the dollar value of fuel in inventory at the end of the previous period.

Table 2: Comparison of Revenues and RSP
Existing Rates vs Revised 2015 Test Year Rates based on 2016 Forecast Fuel Cost

	Existing Rates (July 1/15)	Revised Rates (January 1/16)	Difference	Difference
Newfoundland Power				
Firm	\$ 448,559,921	\$ 460,629,080	\$ 12,069,159	2.7%
RSP ¹	(10,841,103)	(42,363,239)	(31,522,136)	
Total Firm NP	<u>\$ 437,718,818</u>	<u>\$ 418,265,840</u>	<u>\$ (19,452,978)</u>	<u>-4.4%</u>
Island Industrial				
Island Industrial Firm	\$ 33,542,308	\$ 34,794,402	\$ 1,252,094	3.7%
RSP Adjustment ²	(2,426,082)	(3,678,176)	\$ (1,252,094)	
Island Industrial Total	<u>\$ 31,116,226</u>	<u>\$ 31,116,226</u>	<u>\$ -</u>	<u>0.0%</u>
Labrador Industrial				
Transmission	4,050,000	\$ 4,050,000	\$ -	-
Generation Cost Recovery	1,387,390	1,387,390	\$ -	-
Labrador Industrial Total	<u>\$ 5,437,390</u>	<u>\$ 5,437,390</u>	<u>\$ -</u>	<u>0.0%</u>
Canadian Forces Base Goose Bay	\$ 932,221	\$ 932,221	\$ -	0.0%
Rural Island Interconnected	49,070,647	47,596,565	(1,474,082)	-3.0%
Rural Isolated Systems	9,023,368	9,594,114	570,746	6.3%
L'Anse au Loup	2,737,350	2,655,120	(82,230)	-3.0%
Rural Labrador Interconnected				
Domestic	11,150,910	11,563,494	412,584	3.7%
GS 2.1 0 - 10 kW	410,227	425,405	15,178	3.7%
GS 2.2 10 - 100 kW	2,342,225	2,428,887	86,662	3.7%
GS 2.3 110 - 1000 kVA	3,071,096	3,184,727	113,631	3.7%
GS 2.4 Over 1000 kVA	2,806,310	2,910,143	103,833	3.7%
Street & Area Lighting	312,471	372,778	60,307	19.3%
Rural Labrador Interconnected Total	<u>\$ 20,093,239</u>	<u>\$ 20,885,434</u>	<u>\$ 792,195</u>	<u>3.9%</u>
All Rural Systems Total	<u>\$ 80,924,604</u>	<u>\$ 80,731,233</u>	<u>\$ (193,371)</u>	<u>-0.2%</u>
Grand Total	<u>\$ 556,129,259</u>	<u>\$ 536,482,911</u>	<u>\$ (19,646,348)</u>	<u>-3.5%</u>

¹ Revised Rates assume elimination of NP fuel rider on implementation of new base rates.

² Revenue from existing and proposed RSP Surplus Adjustments required to phase-in IIC base demand and energy rates.