

1 Q. (GRA, Volume II, Exhibit 4 – Corner Brook Pulp & Paper Generation Credit, page  
2 15/16)

3 It is understood that CBPP will receive benefits through reduced bills, reductions in  
4 RSP payments through the fuel component and reductions in RSP payments  
5 through the load variation component. What are the projected annual savings to  
6 CBPP for each of these three components for each of the next five years in total  
7 Dollars and average rates owing to the change in operation of its generation?  
8  
9

10 A. The following table indicates the projected annual savings to CBPP for each of these  
11 three components for the period of 2016-2017 in total dollars and average rates,  
12 owing to the change in operation of its generation. The table uses the assumption  
13 that average CBPP energy usage that was subject to non-firm rates prior to the  
14 implementation of the piloted agreement would remain required and be converted  
15 to firm power purchases under the new contract provisions.  
16

17 In 2015, Hydro will complete a marginal cost study reflecting the Labrador-Island  
18 Interconnection. The results from the marginal cost study will form a basis for a  
19 review of customer rate designs to reflect the new system cost structure.

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		<u>Costs With Pilot Agreement</u>		<u>Costs Without Pilot Agreement</u>	
		[ ]	[ ]	[ ]	[ ]
		<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
1	Forecast firm energy requirements (GWh) <sup>(1)</sup>	44.80	44.80	44.80	44.80
2	Less firm energy benefit (GWh) <sup>(2)</sup>	(3.60)	(3.60)	-	-
3	Plus non-firm purchases converted to firm (GWh) <sup>(3)</sup>	<u>3.46</u>	<u>3.46</u>	<u>-</u>	<u>-</u>
4	Revised Firm Energy Requirements (GWh)	44.66	44.66	44.80	44.80
5	Firm Energy Rates (\$/kwh) <sup>(4)</sup>	\$0.05151	\$0.05151	\$0.05151	\$0.05151
6	Firm Energy Costs (\$000)	\$ 2,300.4	\$ 2,300.4	\$ 2,307.6	\$ 2,307.6
7	Demand Requirements (MW) <sup>(1)</sup>	108	108	108	108
8	Demand Rates (\$/kW) <sup>(4)</sup>	\$ 8.38	\$ 8.38	\$ 8.38	\$ 8.38
9	Demand Costs (\$000)	\$ 905.0	\$ 905.0	\$ 905.0	\$ 905.0
10	Non firm energy requirements (GWh) <sup>(5)</sup>	-	-	3.46	3.46
11	Non firm energy rates (\$/kWh) <sup>(6)</sup>	\$ 0.1700	\$ 0.1691	\$ 0.1700	\$ 0.1691
12	Non firm energy costs (\$000)	\$ -	\$ -	\$ 588.2	\$ 585.1
13	<b>Total Bills (line 6+ line 9+line12) (\$000)</b>	\$ 3,205	\$ 3,205	\$ 3,801	\$ 3,798
14	RSP Savings - Fuel Variation Component (\$000) <sup>(7)</sup>	1	1	-	-
15	Corner Brook Pulp and Paper Allocation (%) <sup>(8)</sup>	0.6%	0.6%	0.6%	0.6%
16	Corner Brook Pulp and Paper Allocation (\$000)	-	-	-	-
17	RSP Savings - Load Variation Component (\$000) <sup>(7)</sup>	(14)	(14)	-	-
18	Corner Brook Pulp and Paper Allocation (%) <sup>(8)</sup>	0.6%	0.6%	0.6%	0.6%
19	Corner Brook Pulp and Paper Allocation (\$000)	(0.1)	(0.1)	-	-
20	<b>Total Costs (line 13+line 16+line 19) (\$000)<sup>(9)</sup></b>	\$ 3,205.3	\$ 3,205.3	\$ 3,800.8	\$ 3,797.7
21	<b>Average Energy Rate (line 20/(line 4 + line 10)) (cents/kWh)</b>	<b>7.177</b>	<b>7.177</b>	<b>7.876</b>	<b>7.869</b>

Notes:

1. CBPP's load forecast as per Hydro's 2016-2017 OPLF issued June, 2014
2. Load reduction possible due to improved water utilization at the DLP 60 Hz Plant
3. Energy that would have been charged at non-firm is now firm
4. Industrial Customer energy and demand rates as per Hydro's GRA
5. Based on CBPP's average annual non-firm energy usage five years prior to the pilot agreement.
6. Uses September 2014 long term fuel price forecast, average Holyrood usage costs,  
607 kWh/bbl Holyrood conversion rate, 10% administration fee and 3.47% average system losses
7. Refer to Tables 5 and 6 of Exhibit 4 for methodology in calculating RSP savings
8. Estimated, based on CBPP's percentage of total customer load
9. Does not include specifically assigned charges