

Q. Mr. Brockman stated on page 11 of his evidence: “Hydro’s cost to serve Newfoundland Power together with the Rural Deficit allocation is proposed to increase by approximately 145%, from approximately \$215 million in the 2002 Test Year to approximately \$526 million in Hydro’s proposed 2015 Test Year. By comparison, Hydro’s cost to serve Labrador Interconnected customers together with the Rural Deficit allocation is proposed to increase by approximately 37%, from approximately \$15 million in the 2002 Test Year to approximately \$20.5 million in Hydro’s proposed 2015 Test Year.”

Please restate the above comparison if the 2015 Test Year fuel price per barrel of Holyrood fuel and the same number of barrels of output for both 2002 and 2015 Test Years were used in the calculation.

A. See Table 1 below for a restated comparison of Newfoundland and Labrador Hydro’s (“Hydro”) cost to serve Newfoundland Power in Hydro’s 2002 and 2015 test years based on the requested scenario.

Table 1
Newfoundland and Labrador Hydro
Cost to Serve Newfoundland Power (Requested Scenario¹)
2002 Test Year vs. 2015 Test Year
(\$millions)

	2015 TY	2002 TY	Difference \$	Difference (%)
Total	525.3	214.8	310.5	145%
Estimated scenario adjustment ²	(138.3)	-	(138.3)	-
Estimated restated	387.0	214.8	172.2	80%

Under the requested scenario, Hydro’s cost to serve Newfoundland Power in the 2015 test year is estimated to increase by 80% from Hydro’s 2002 test year. By comparison, the increase is more than double the 37% increase in Hydro’s cost to serve Labrador interconnected customers over the same time period.

¹ Assumes the 2015 Test Year fuel cost is the same as Hydro’s 2002 test year fuel cost.

² The estimated scenario adjustment is calculated as (\$millions):

2002 test year No. 6 fuel expense	81.7	(2002 COS, Schedule 1.1, p. 1 of 2, line 2)
2015 test year No. 6 fuel expense	<u>245.4</u>	(2015 COS, Schedule 1.1, p. 1 of 2, line 2)
Difference	(163.7)	
2015 test year Island interconnected COS ratio – NP	<u>84.5%</u>	(2015 COS, Schedule 3.1A, p. 1 of 2, line 14)
Estimated scenario adjustment	<u>(138.3)</u>	