

1 Q. Please provide 2014 actual financial results with a comparison to 2014 forecast in
2 the format of Finance Schedules I, II, III and IV.

3

4

5 A. [] Please see NP-NLH-307, Attachments 1 to 4.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Statement of Income and Retained Earnings
(\$000s)

Finance
Schedule I
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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Revenue										
2 Energy sales	429,794	425,196	425,528	414,774	443,796	453,178	472,785	499,129	514,599	659,967
3 Revenue deficiency	-	-	-	-	-	-	-	45,900	45,921	-
3 Other revenue	1,983	2,197	2,218	2,287	2,317	2,116	2,343	2,067	2,335	2,508
4 Total revenue	<u>431,777</u>	<u>427,393</u>	<u>427,746</u>	<u>417,061</u>	<u>446,113</u>	<u>455,294</u>	<u>475,128</u>	<u>547,096</u>	<u>562,855</u>	<u>662,475</u>
5										
6 Expenses										
7 Operating expenses	97,693	96,694	100,369	96,976	104,564	106,468	111,812	132,290	126,068	138,179
8 Other Income and expense	902	2,580	1,267	687	925	5,396	3,634	1,708	2,068	4,074
9 Fuels	150,281	149,854	136,933	137,994	131,275	132,003	155,957	195,160	201,714	267,820
10 Fuel supply deferral	-	-	-	-	-	-	-	(9,650)	(9,956)	1,991
11 Power purchases	38,606	41,388	46,782	44,244	52,222	56,986	59,379	63,741	66,668	63,254
12 Amortization	38,342	40,393	41,744	43,790	45,217	46,865	50,832	55,283	55,214	63,792
13 Accretion of asset retirement obligation	-	-	-	-	467	715	911	852	852	878
14 Interest	103,242	87,610	83,440	86,766	90,844	89,961	92,394	90,051	89,723	89,255
15 Total expenses	<u>429,066</u>	<u>418,519</u>	<u>410,535</u>	<u>410,457</u>	<u>425,514</u>	<u>438,394</u>	<u>474,919</u>	<u>529,435</u>	<u>532,351</u>	<u>629,243</u>
16										
17 Net income	<u>2,711</u>	<u>8,874</u>	<u>17,211</u>	<u>6,604</u>	<u>20,599</u>	<u>16,900</u>	<u>209</u>	<u>17,661</u>	<u>30,504</u>	<u>33,232</u>
18										
19 Retained earnings										
20 Balance at beginning of year	208,147	210,858	219,732	236,943	212,647	212,096	231,174	231,383	231,383	261,887
21 Opening adjustment - retained earnings	-	-	-	-	-	2,178	-	-	-	-
22 Dividends	-	-	-	(30,900)	(21,150)	-	-	-	-	-
23 Balance at end of year	<u>210,858</u>	<u>219,732</u>	<u>236,943</u>	<u>212,647</u>	<u>212,096</u>	<u>231,174</u>	<u>231,383</u>	<u>249,044</u>	<u>261,887</u>	<u>295,119</u>

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Balance Sheet
(\$000s)

Finance
Schedule I
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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Assets										
2 Current assets										
3 Cash and cash equivalents	-	-	10,942	37,760	6,685	2,480	6,726	7,918	-	12,113
4 Short-term investments	-	-	20,000	8,992	-	-	-	-	-	-
5 Accounts receivable	69,114	69,495	65,703	61,678	79,569	80,373	85,383	84,593	74,201	72,648
6 Current portion of regulatory assets	17,154	5,000	4,789	3,851	2,762	2,157	2,157	2,157	5,193	5,776
7 Inventory	60,925	42,993	49,964	53,390	54,258	51,673	63,974	85,495	116,151	109,014
8 Prepaid expenses	841	1,156	1,492	2,322	2,284	2,949	2,742	4,474	3,342	3,366
9 Current portion of sinking funds	-	-	-	-	-	-	65,426	-	-	-
10	148,034	118,644	152,890	167,993	145,558	139,632	226,408	184,637	198,887	202,917
11										
12 Property, plant, and equipment	1,352,229	1,354,348	1,364,205	1,386,061	1,410,432	1,440,619	1,463,070	1,610,898	1,673,188	1,889,482
13 Sinking funds	151,765	163,881	179,613	208,381	246,966	263,330	202,184	228,353	220,536	238,850
14 Regulatory assets	81,308	74,626	69,324	65,885	63,597	62,824	62,117	121,984	72,939	71,074
15										
16 Total assets	1,733,336	1,711,499	1,766,032	1,828,320	1,866,553	1,906,405	1,953,779	2,145,872	2,165,550	2,402,323
17										
18 Liabilities and shareholder equity										
19 Current liabilities										
20 Promissory notes	8,016	4,557	-	-	-	52,000	41,000	53,000	145,564	-
21 Accounts payable and accrued liabilities	65,295	46,212	51,115	65,237	49,341	39,299	66,796	96,254	66,914	27,694
22 Accrued interest	30,566	28,667	28,667	28,667	28,667	28,667	28,667	28,751	27,468	23,868
23 Current portion of long-term debt	208,315	8,322	8,150	8,150	8,150	8,150	82,150	8,450	8,150	8,150
24 Current portion of regulatory liabilities	23,488	22,324	89,814	118,849	137,593	168,985	213,997	78,582	185,438	175,525
25 Deferred capital contribution	-	470	165	123	3,497	1,938	702	685	-	-
26 Due to (from) related parties	182	450	21,441	37,224	49,258	1,873	731	(1,589)	413	687
27 Promissory notes - non-regulated	(33,421)	145,004	(3,531)	(5,521)	(5,118)	(7,217)	(8,187)	(6,757)	(8,187)	(8,187)
28	302,441	256,006	195,821	252,729	271,388	293,695	425,856	257,376	425,760	227,737
29										
30 Deferred contributions	-	-	-	-	-	-	-	-	-	-
31 Long-term debt	1,145,198	1,146,414	1,141,618	1,136,755	1,131,542	1,125,901	1,046,658	1,239,330	1,243,892	1,641,394
32 Regulatory liabilities	15,499	31,546	32,788	40,931	33,271	33,174	40,268	167,821	11,935	9,022
33 Asset retirement obligations	-	-	-	11,395	19,593	24,031	24,094	24,897	24,792	25,526
34 Employee future benefits	39,805	41,881	44,060	48,348	53,556	56,890	61,553	66,969	66,213	72,454
35 Contributed capital	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
36 Shareholder's equity / retained earnings	210,858	219,732	236,943	212,647	212,096	231,174	231,383	249,044	261,887	295,119
37 Accumulated other comprehensive income	19,535	15,920	14,802	25,515	45,107	41,540	23,967	40,435	31,071	31,071
38										
39 Total liabilities and shareholder's equity	1,733,336	1,711,499	1,766,032	1,828,320	1,866,553	1,906,405	1,953,779	2,145,872	2,165,550	2,402,323

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Statement of Cash Flows
(\$000s)

Finance
Schedule I
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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Cash provided by (used in)										
2 Operating activities										
3 Net income	2,711	8,874	17,211	6,604	20,599	16,900	209	17,661	30,504	33,232
4 Adjusted for items not involving cash flow										
5 Amortization	38,342	40,393	41,744	43,790	45,217	46,865	50,832	55,283	55,214	63,792
6 Accretion of long-term debt	675	479	394	426	460	498	540	529	514	495
7 Accretion of asset retirement obligation	-	-	-	-	467	715	911	852	852	878
9 Employee future benefits	4,268	2,560	2,179	4,288	5,208	4,521	4,663	5,416	4,660	6,241
10 Loss on disposal of property, plant and equipment	902	2,580	1,267	687	925	3,844	2,687	1,857	1,230	1,904
11 Other	(92)	-	-	-	-	92	(273)	221	-	-
12	46,806	54,886	62,795	55,795	72,876	73,435	59,569	81,819	92,974	106,542
13 Changes in non-cash balances										
14 Accounts receivable	(9,698)	(381)	3,792	4,025	(17,891)	(804)	(5,010)	790	11,182	1,553
15 Inventory	(15,482)	17,932	(6,971)	(3,426)	(868)	2,585	(12,301)	(21,521)	(52,177)	7,137
16 Prepaid expenses	244	(315)	(336)	(830)	38	(665)	207	(1,732)	(600)	(24)
17 Regulatory assets	49,744	18,836	5,513	4,377	3,377	1,378	707	(59,867)	(13,858)	1,282
18 Regulatory liabilities	(11,382)	14,883	68,732	37,178	11,084	31,295	52,106	(7,862)	(56,892)	(12,826)
19 Accounts payable and accrued liabilities	27,214	(19,083)	4,903	14,122	(15,896)	(10,042)	27,497	29,458	118	(39,220)
20 Accrued interest	-	(1,899)	-	-	-	-	-	84	(1,199)	(3,600)
21 Due to related parties	(3,288)	268	20,991	15,783	12,034	(47,385)	(1,142)	(2,320)	(318)	274
23	84,158	85,127	159,419	127,024	64,754	49,797	121,633	18,849	(20,770)	61,118
24 Financing activities										
25 Increase (decrease) in long-term debt	12,691	(188,692)	(172)	-	-	-	-	197,072	200,000	400,000
26 Increase (decrease) in deferred capital contribution	-	470	(305)	(42)	3,374	(1,559)	(1,236)	(17)	(702)	-
27 Sinking Fund Retirement	-	-	-	-	-	-	-	-	72,219	-
28 Long-term debt repayment	-	-	-	-	-	-	-	(124,718)	(72,158)	-
29 Increase in contributed capital	-	-	100,000	-	-	-	-	-	-	-
30 Dividends	-	-	-	(30,900)	(21,150)	-	-	-	-	-
31 (Decrease) increase in promissory notes - non-regulated	(49,483)	172,911	(148,535)	(1,990)	403	(2,099)	(970)	1,430	-	-
32 Increase (decrease) in promissory notes	-	-	-	-	-	52,000	(11,000)	12,000	104,564	(145,564)
33 Transfer of employee future benefits to non-regulated	-	(484)	-	-	-	-	-	-	-	-
34	(36,792)	(15,795)	(49,012)	(32,932)	(17,373)	48,342	(13,206)	85,767	303,923	254,436
35 Investing activities										
36 Additions to property, plant and equipment	(36,023)	(45,785)	(54,097)	(55,401)	(63,083)	(77,474)	(80,657)	(204,966)	(268,023)	(282,106)
37 Decrease (increase) in short term investments	560	-	(20,000)	11,008	8,992	-	-	-	-	-
38 Proceeds on disposal of property, plant and equipment	602	693	1,229	463	301	1,200	3,997	-	1,461	115
39 Settlement of asset retirement obligation	-	-	-	-	-	-	-	(95)	(154)	(144)
40 (Increase) decrease in sinking funds	(19,592)	(20,781)	(22,040)	(23,344)	(24,666)	(26,070)	(27,521)	101,814	(23,163)	(21,306)
41	(54,453)	(65,873)	(94,908)	(67,274)	(78,456)	(102,344)	(104,181)	(103,247)	(289,879)	(303,441)
42										
43 Net (decrease) increase in cash	(7,087)	3,459	15,499	26,818	(31,075)	(4,205)	4,246	1,369	(6,726)	12,113
44										
45 Cash position, beginning of year	(929)	(8,016)	(4,557)	10,942	37,760	6,685	2,480	6,726	6,726	-
46										
47 Cash position, end of year	(8,016)	(4,557)	10,942	37,760	6,685	2,480	6,726	8,095	-	12,113

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Capital Structure
(\$000s)

Finance
Schedule I
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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Regulated capital structure										
2 Long-term debt	1,353,513	1,154,736	1,149,768	1,144,905	1,139,692	1,134,051	1,128,808	1,247,780	1,252,042	1,649,544
3 Promissory notes	7,000	163,000	-	-	-	52,000	41,000	53,000	145,564	-
4 Promissory notes - related party	88	90	-	-	-	-	-	-	-	-
5 less: sinking funds	(151,765)	(163,881)	(179,613)	(208,381)	(246,966)	(263,330)	(267,610)	(228,353)	(220,536)	(238,850)
6 add: mark to market of sinking funds	19,535	15,920	14,802	25,515	45,108	41,425	23,967	40,435	31,071	31,071
7	1,228,371	1,169,865	984,957	962,039	937,834	964,146	926,165	1,112,862	1,208,141	1,441,765
8 Cost of service exclusions	-	-	-	-	-	-	-	-	-	-
9 Non-regulated debt pool	(40,421)	(17,996)	(3,531)	(5,521)	(5,118)	(7,217)	(8,187)	(6,757)	(8,187)	(8,187)
10 Net regulated debt	1,187,950	1,151,869	981,426	956,518	932,716	956,929	917,978	1,106,105	1,199,954	1,433,578
11 Funded Asset retirement obligation	-	-	-	-	1,617	4,346	7,380	10,283	10,350	13,357
12 Employee future benefits	39,805	41,881	44,060	48,348	53,556	56,890	61,553	66,969	66,213	72,454
13 Contributed capital	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
14 Retained earnings cost of service exclusions	-	-	-	-	-	187	786	2,212	1,122	1,445
15 Retained earnings	210,858	219,732	236,943	212,647	212,096	231,174	231,383	249,044	261,887	295,119
16 Total	1,438,613	1,413,482	1,362,429	1,317,513	1,299,985	1,349,526	1,319,080	1,534,613	1,639,526	1,915,953
17										
18 Regulated capital structure (%)										
19 Debt	82.5%	81.5%	72.1%	72.6%	71.8%	70.9%	69.6%	72.1%	73.2%	74.8%
20 Asset retirement obligation	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.6%	0.7%	0.6%	0.7%
21 Employee future benefits	2.8%	3.0%	3.2%	3.7%	4.1%	4.2%	4.7%	4.4%	4.0%	3.8%
22 Equity	14.7%	15.5%	24.7%	23.7%	24.0%	24.6%	25.2%	22.9%	22.1%	20.7%
23 Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
24										
25 Regulated average capital structure (%)										
26 Debt		82.0%	76.8%	72.4%	72.2%	71.4%	70.3%	70.8%	71.4%	74.0%
27 Asset retirement obligation		0.0%	0.0%	0.0%	0.1%	0.2%	0.4%	0.6%	0.6%	0.7%
28 Employee future benefits		2.9%	3.1%	3.4%	3.9%	4.2%	4.4%	4.5%	4.4%	3.9%
29 Equity		15.1%	20.1%	24.2%	23.8%	24.3%	24.9%	24.0%	23.7%	21.4%
30 Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
31										
32 Weighted average cost of capital (WACC)										
33 Embedded cost of debt		8.26%	8.26%	8.26%	8.26%	8.26%	8.30%	7.59%	7.33%	6.67%
34 Asset retirement obligation		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35 Employee future benefits		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
36 Equity		4.47%	4.47%	4.47%	4.47%	4.47%	4.47%	8.80%	8.80%	8.80%
37 WACC		7.45%	7.24%	7.06%	7.03%	6.98%	6.94%	7.49%	7.32%	6.82%

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

A The asset retirement obligation is not part of capital structure until it has been funded by rate payers. As such, the unfunded amount is removed. The funded amount includes the depreciation and accretion charges that have been recorded in net income.

B 2011-2013 numbers have been revised to conform with Board Order P.U. 27 (2014). Please refer to PUB-NLH-389 for further information.

C Proposed 2015 return on equity based on NP's approved return on equity.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Rate of Return on Rate Base
(\$000s)

Finance
Schedule I
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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Property, plant, and equipment	1,352,229	1,354,348	1,364,205	1,386,061	1,410,432	1,440,619	1,463,070	1,610,898	1,673,188	1,889,482
2 add: accumulated depreciation	570,225	603,362	632,085	669,742	707,241	88,865	138,317	104,522	193,532	203,834
3 add: contributions in aid of construction	96,396	96,143	96,749	97,257	98,054	14,052	15,786	3,061	16,550	17,936
5 less: work in progress	(2,535)	(9,456)	(10,579)	(17,002)	(23,736)	(32,948)	(13,822)	(128,003)	(42,950)	(240,977)
6 Capital assets in service	2,016,315	2,044,397	2,082,460	2,136,058	2,191,991	1,510,588	1,603,351	1,590,478	1,840,320	1,870,275
7 less: asset retirement obligation	-	-	-	(11,395)	(17,976)	(19,685)	(16,715)	(14,508)	(14,442)	(12,169)
8 less: contributions in aid of construction	(96,396)	(96,143)	(96,749)	(97,257)	(98,054)	(14,052)	(15,786)	(3,061)	(16,550)	(17,936)
9 less: accumulated depreciation	(570,225)	(603,362)	(632,085)	(669,742)	(707,241)	(88,865)	(138,317)	(104,522)	(193,532)	(203,834)
10 Capital assets - current year	1,349,694	1,344,892	1,353,626	1,357,664	1,368,720	1,387,986	1,432,533	1,468,387	1,615,796	1,636,336
11 Capital assets - previous year	1,345,766	1,349,694	1,344,892	1,353,626	1,357,664	1,368,720	1,387,986	1,432,533	1,432,533	1,615,796
12 Unadjusted capital assets - average	1,347,730	1,347,293	1,349,259	1,355,645	1,363,192	1,378,353	1,410,259	1,450,460	1,524,165	1,626,066
13 less: Average net assets not in use	-	-	-	(777)	(846)	(2,235)	(8,544)	(15,201)	(2,941)	(2,605)
14 Capital assets - average	1,347,730	1,347,293	1,349,259	1,354,868	1,362,346	1,376,118	1,401,715	1,435,259	1,521,224	1,623,461
15										
16 Cash working capital allowance	3,496	3,548	2,668	3,092	4,625	7,810	5,875	8,331	9,207	7,037
17 Fuel	24,972	34,389	20,817	29,908	33,680	50,308	48,949	60,041	65,110	66,633
18 Materials and supplies	21,699	22,561	23,567	24,089	24,096	25,339	25,763	26,425	25,823	27,402
19 Deferred charges	84,725	81,996	76,870	71,925	68,048	65,670	64,628	64,593	71,203	77,491
20										
21 Average rate base	<u>1,482,621</u>	<u>1,489,787</u>	<u>1,473,181</u>	<u>1,483,882</u>	<u>1,492,795</u>	<u>1,525,245</u>	<u>1,546,929</u>	<u>1,594,648</u>	<u>1,692,567</u>	<u>1,802,024</u>
22										
23 Unadjusted return on regulated equity	2,711	8,874	17,211	6,604	20,599	16,900	209	17,661	30,504	33,232
24 add: Cost of service exclusions	-	-	-	-	61	187	599	1,426	336	323
25 Interest	103,242	87,610	83,440	86,766	90,844	89,961	92,394	90,051	89,723	89,255
26 Return on rate base	<u>105,953</u>	<u>96,484</u>	<u>100,651</u>	<u>93,370</u>	<u>111,504</u>	<u>107,048</u>	<u>93,202</u>	<u>109,138</u>	<u>120,563</u>	<u>122,810</u>
27										
28 Rate of return on rate base	<u>7.15%</u>	<u>6.48%</u>	<u>6.83%</u>	<u>6.29%</u>	<u>7.47%</u>	<u>7.02%</u>	<u>6.02%</u>	<u>6.84%</u>	<u>7.12%</u>	<u>6.82%</u>

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

A Asset retirement obligation costs are not funded through debt or Hydro funds, but are to be fully recovered from rate payers over the life of the asset retirement obligation through depreciation. As such, we remove these costs from rate base.

B 2012 'Capital assets - previous year' value reflects Order No. P.U. 13 (2012).

C 2011-2013 numbers have been revised to conform with Board Order P.U. 27 (2014). Please refer to PUB-NLH-389 for further information

D The calculation for average deferred charges in 2014 Actuals excludes P.U. 58 (2014) - 2014 Cost Deferral, P.U. 38 (2013) - Deferred Lease Costs, and P.U. 56 (2014) - Fuel Supply Deferral. Recovery of these expenditures is subject to pre-approval by the PUB.

Newfoundland and Labrador Hydro
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Revenue Requirement Analysis
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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Revenue requirement										
2 Energy sales	429,794	425,196	425,528	414,774	443,796	453,178	472,785	499,129	514,599	659,967
3 Revenue deficiency	-	-	-	-	-	-	-	45,900	45,921	-
4 Other revenue	1,983	2,197	2,218	2,287	2,317	2,116	2,343	2,067	2,335	2,508
5 Total revenue requirement	431,777	427,393	427,746	417,061	446,113	455,294	475,128	547,096	562,855	662,475
6										
7 Expenses										
8 Operating expenses	97,693	96,694	100,369	96,976	104,564	106,468	111,812	132,290	126,068	138,179
9 Other income and expense	902	2,580	1,267	687	925	5,396	3,634	1,708	2,068	4,074
10 Fuels	150,281	149,854	136,933	137,994	131,275	132,003	155,957	195,160	201,714	267,820
11 Fuel supply deferral	-	-	-	-	-	-	-	(9,650)	(9,956)	1,991
12 Power purchases	38,606	41,388	46,782	44,244	52,222	56,986	59,379	63,741	66,668	63,254
13 Amortization	38,342	40,393	41,744	43,790	45,217	46,865	50,832	55,283	55,214	63,792
14 Accretion of asset retirement obligation	-	-	-	-	467	715	911	852	852	878
15 Expenses prior to cost of service exclusions	325,824	330,909	327,095	323,691	334,670	348,433	382,525	439,384	442,628	539,988
16 less: Cost of service exclusions	-	-	-	-	(61)	(187)	(599)	(1,426)	(336)	(323) A
17 Total expenses	325,824	330,909	327,095	323,691	334,609	348,246	381,926	437,958	442,292	539,665
18 Return on rate base	105,953	96,484	100,651	93,370	111,504	107,048	93,202	109,138	120,563	122,810
19										
20 Average rate base	1,482,621	1,489,787	1,473,181	1,483,882	1,492,795	1,525,245	1,546,929	1,594,648	1,692,567	1,802,024
21										
22 Rate of return on rate base	7.15%	6.48%	6.83%	6.29%	7.47%	7.02%	6.02%	6.84%	7.12%	6.82%

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

A 2011-2013 numbers have been revised to conform with Board Order P.U. 27 (2014). Please refer to PUB-NLH-389 for further information

	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Historical rate stabilization plan balances										
2 Utility	12,053	-	-	-	-	-	-	-	-	-
3 Total	<u>12,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4										
5 Current rate stabilization plan										
6 Hydraulic	(14,820)	(30,903)	(32,562)	(40,399)	(32,737)	(32,676)	(39,801)	(43,359)	(11,505)	(8,629)
7 Utility	(14,652)	(10,330)	(53,069)	(56,251)	(55,940)	(64,905)	(80,174)	(39,004)	(25,730)	(4,601)
8 Industrial	(8,829)	(11,994)	(36,884)	(62,612)	(81,653)	(104,080)	566	6,775	8,347	8,592
9 Segregated Load Variation	-	-	-	-	-	-	(8,200)	(35,460)	(33,095)	(35,351)
10 Utility Surplus	-	-	-	-	-	-	(115,330)	(124,014)	(124,014)	(132,468)
11 Industrial Surplus	-	-	-	-	-	-	(10,858)	(10,893)	(11,031)	(11,783)
12 Total	<u>(38,301)</u>	<u>(53,227)</u>	<u>(122,515)</u>	<u>(159,262)</u>	<u>(170,330)</u>	<u>(201,661)</u>	<u>(253,797)</u>	<u>(245,955)</u>	<u>(197,028)</u>	<u>(184,240)</u>
13										
14 Combined rate stabilization plan balances	<u>(26,248)</u>	<u>(53,227)</u>	<u>(122,515)</u>	<u>(159,262)</u>	<u>(170,330)</u>	<u>(201,661)</u>	<u>(253,797)</u>	<u>(245,955)</u>	<u>(197,028)</u>	<u>(184,240)</u>
15										
16 Average fuel cost per barrel	\$ 52.51	\$ 71.59	\$ 52.51	\$ 73.90	\$ 91.92	\$ 114.80	\$ 106.63	\$ 108.54	\$ 109.59	\$ 93.32

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Employee Future Benefits
(\$000s)

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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Accrued employee future benefits liability										
2 Balance at beginning of year	35,537	39,805	41,881	44,060	48,348	52,207	56,890	61,553	61,553	66,213
3 Current service	1,885	1,666	1,143	1,651	2,068	2,875	3,178	2,947	3,177	3,177
4 Interest	3,057	3,079	3,197	3,767	4,036	4,137	3,615	4,479	3,613	3,613
5 Amortization of actuarial losses	1,215	911	-	676	1,166	-	-	-	-	1,581
6 Amortization of past service costs	20	20	20	20	20	-	-	-	-	-
7 Transfers	-	(1,456)	(43)	32	-	-	-	-	-	-
8 Benefits paid	(1,909)	(2,144)	(2,138)	(1,858)	(2,082)	(2,329)	(2,130)	(2,011)	(2,130)	(2,130)
9 Balance at end of year	39,805	41,881	44,060	48,348	53,556	56,890	61,553	66,969	66,213	72,454
10 Opening adjustment - Other comprehensive income (OCI)	-	-	-	-	-	1,349	1,349	1,349	1,349	1,349
11 Actuarial losses amortized through OCI	-	-	-	-	-	2,264	3,972	4,692	5,554	5,554
12 Unamortized losses	20,307	702	14,007	20,875	35,630	30,006	21,036	32,918	19,454	17,873
13 Accrued employee future benefits obligation	60,112	42,583	58,067	69,223	89,186	90,509	87,910	105,928	92,570	97,230
14										
15 Funded employee future benefits balance										
16 Balance at beginning of year	35,537	39,805	41,881	44,060	48,348	52,207	56,890	61,553	61,553	66,213
17 Employee future benefits expense	6,177	5,676	4,360	6,114	7,290	7,012	6,793	7,426	6,790	8,371
18 Transfers	-	(1,456)	(43)	32	-	-	-	-	-	-
19 Benefits paid	(1,909)	(2,144)	(2,138)	(1,858)	(2,082)	(2,329)	(2,130)	(2,011)	(2,130)	(2,130)
20 Balance at end of year	39,805	41,881	44,060	48,348	53,556	56,890	61,553	66,969	66,213	72,454

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

A 2012 Balance at beginning of year reflects Order No. P.U. 13 (2012). As a result, \$1,349 was reclassified from the opening accrued employee future liability to Other comprehensive income. There was no impact on total Accrued employee future benefits obligation.

B Pursuant to Order No. P.U. 13 (2012), in 2013 Hydro deferred the amortization of actuarial gains and losses of \$1,708 (2012 - \$2,264)

Newfoundland and Labrador Hydro
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Operating Expense by Cost Type
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	Actual								Test year	Test year	YOY %
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015	2007 to 2015
1 Salaries and benefits											
2 Salaries and benefits	56,741	58,263	61,933	65,692	68,304	70,901	74,987	80,260	81,934	90,476	
3 Employee future benefits	5,861	5,559	4,334	6,098	7,247	6,970	6,790	6,922	6,790	8,371	
4 Group insurance	1,459	1,719	2,336	2,052	2,546	2,403	2,372	2,260	2,469	2,567	
5 Overtime	6,108	7,580	7,778	8,675	9,462	10,633	12,282	16,624	12,207	10,128	
6 Capitalized salaries	(11,258)	(14,600)	(15,959)	(19,456)	(19,736)	(19,051)	(20,185)	(22,613)	(21,944)	(22,654)	
7	58,911	58,521	60,422	63,061	67,823	71,856	76,246	83,454	81,456	88,888	
8 Cost recoveries allocation	(577)	(624)	(1,256)	(1,942)	(2,040)	(2,603)	(2,957)	(3,336)	(3,450)	(3,102)	
9	58,334	57,897	59,166	61,119	65,783	69,253	73,289	80,118	78,006	85,786	4.94%
10											
11 System equipment maintenance											
12 System equipment maintenance	21,416	19,366	19,408	19,167	19,867	19,655	22,005	28,620	22,979	26,576	
13 Deferred major extraordinary repairs	2,109	2,916	2,714	2,581	1,643	606	-	-	-	249	
14	23,525	22,282	22,122	21,748	21,510	20,261	22,005	28,620	22,979	26,825	
15 Cost recoveries allocation	(392)	(372)	(614)	(418)	(279)	(739)	(570)	(753)	(504)	(465)	
16	23,133	21,910	21,508	21,330	21,231	19,522	21,435	27,867	22,475	26,360	1.65%
17											
18 Other operating expenses											
19 Office supplies and expenses	2,262	2,182	2,161	2,100	2,307	2,230	2,595	2,392	2,629	2,804	
20 Professional services	3,532	4,109	3,278	4,165	6,042	7,324	5,874	12,629	12,207	9,161	
21 Insurance	1,703	1,783	1,937	1,960	1,965	2,109	2,422	2,579	2,689	2,607	
22 Equipment rentals	1,082	1,493	1,721	1,738	1,636	1,699	1,877	2,017	1,877	3,066	
23 Travel	2,942	2,854	2,910	2,755	2,977	2,979	3,338	3,208	3,711	3,717	
24 Miscellaneous expenses	3,962	4,389	4,174	4,454	4,614	5,003	5,142	6,509	6,345	5,655	
25 Building rental & maintenance	1,234	1,078	1,145	1,170	1,172	1,027	1,186	1,228	1,149	1,217	
26 Transportation	1,989	2,186	1,833	1,796	1,836	1,928	2,107	2,308	2,450	2,245	
27 Customer costs	285	(29)	3,892	(625)	122	141	76	171	126	118	
28 Deferred regulatory costs	334	334	334	50	50	-	-	-	-	333	
29	19,325	20,379	23,385	19,563	22,721	24,440	24,617	33,042	33,183	30,923	
30 Cost recoveries allocation	(240)	(266)	(458)	(1,362)	(1,662)	(2,518)	(2,812)	(3,719)	(3,658)	(2,261)	
31	19,085	20,113	22,927	18,201	21,059	21,922	21,805	29,323	29,525	28,662	5.21%
32											
33 Total operating expenses before other cost recoveries	100,552	99,920	103,601	100,650	108,073	110,697	116,529	137,308	130,005	140,807	4.30%
34											
35 Other cost recoveries	(2,859)	(3,226)	(3,232)	(3,674)	(3,509)	(4,229)	(4,717)	(5,018)	(3,937)	(2,628)	-1.05%
36 Total operating expenses	97,693	96,694	100,369	96,976	104,564	106,468	111,812	132,290	126,068	138,179	4.43%

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Net Interest
(\$000s)

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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Interest										
2 Long-term debt	101,450	94,051	90,450	90,450	90,450	90,450	90,450	85,481	86,288	95,325
3 Interest on rate stabilization plan	1,125	2,746	7,026	10,244	12,237	13,188	17,113	17,996	18,162	12,432
4 Accretion of long-term debt	675	479	394	426	460	499	540	529	514	495
5 Amortization of foreign exchange losses	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157
6 Debt guarantee fee	13,145	-	-	-	3,874	3,693	3,735	3,683	3,683	4,447
7 Other interest	2,398	10,434	(1,885)	(160)	(231)	705	14	891	1,053	(1,230)
8 Interest on sinking fund	(11,439)	(12,629)	(13,891)	(15,190)	(16,557)	(18,025)	(19,434)	(15,935)	(16,026)	(13,413)
9 Interest capitalized during construction	(6,269)	(9,628)	(811)	(1,161)	(1,546)	(2,706)	(2,181)	(4,751)	(6,108)	(10,958)
10 Interest	<u>103,242</u>	<u>87,610</u>	<u>83,440</u>	<u>86,766</u>	<u>90,844</u>	<u>89,961</u>	<u>92,394</u>	<u>90,051</u>	<u>89,723</u>	<u>89,255</u>

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Funded Asset Retirement Obligation
(\$000s)

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	Actual								Test year	Test year
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2015
1 Funded asset retirement obligation:										
2 Opening	-	-	-	-	-	1,617	4,346	7,380	7,380	10,350
3 Accretion	-	-	-	-	468	715	911	852	852	878
4 Depreciation	-	-	-	-	1,149	2,044	2,274	2,207	2,273	2,273
6 Asset retirement obligation disposed	-	-	-	-	-	(30)	(151)	(156)	(155)	(144)
7 Ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,617</u>	<u>4,346</u>	<u>7,380</u>	<u>10,283</u>	<u>10,350</u>	<u>13,357</u>

Note: For Regulatory reporting purposes, Hydro adopted IFRS in accordance with Board Order P.U. 13 (2012) in the third quarter of 2014. To maintain consistency with prior periods and the 2014 and 2015 Test Years, Hydro has presented 2014 Actuals in this RFI under Canadian GAAP.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Income Statement at Existing Rates
(\$000s)

	Test Year 2007	Actual 2007	Actual 2014	Existing Rates 2014	Existing Rates 2015
1 Revenue					
2 Energy sales	429,058	429,794	499,129	514,599	520,329
3 Revenue deficiency	-	-	45,900	-	-
4 Other revenue	2,021	1,983	2,067	2,335	2,508
5 Total revenue	<u>431,079</u>	<u>431,777</u>	<u>547,096</u>	<u>516,934</u>	<u>522,837</u>
6					
7 Expenses					
8 Operating expenses	93,418	97,693	132,290	126,068	135,325
9 Fuels					
10 No. 6 fuel	136,867	107,369	244,341	255,841	244,914
11 Rate stabilization plan deferral	-	31,540	(76,160)	(81,878)	(73,978)
12 Diesel and other	11,569	11,372	26,979	27,751	22,940
13 Total fuels	<u>148,436</u>	<u>150,281</u>	<u>195,160</u>	<u>201,714</u>	<u>193,876</u>
14 Fuel supply deferral	-	-	(9,650)	(9,956)	1,991
15 Power purchases	38,327	38,606	63,741	66,668	63,254
16 Amortization	38,825	38,342	55,283	55,214	63,792
17 Accretion	-	-	852	852	878
18 Other Income and expenses	1,366	902	1,708	2,068	4,074
19 Interest	102,728	103,242	90,051	89,713	94,561
20 Total expenses	<u>423,100</u>	<u>429,066</u>	<u>529,435</u>	<u>532,341</u>	<u>557,751</u>
21					
22 Net income before cost of service exclusions	7,979	2,711	17,661	(15,407)	(34,914)
23 less: Assets Not In Service Depreciation	-	-	1,426	336	331
24	<u>7,979</u>	<u>2,711</u>	<u>19,087</u>	<u>(15,071)</u>	<u>(34,583)</u>
25					
26 Return on regulated equity	7,979	2,711	19,087	(15,071)	(34,583)
27 Net interest	102,728	103,242	90,051	89,713	94,561
28 Return on rate base	<u>110,707</u>	<u>105,953</u>	<u>109,138</u>	<u>74,642</u>	<u>59,978</u>
29					
30 Average rate base	<u>1,489,323</u>	<u>1,482,621</u>	<u>1,594,648</u>	<u>1,692,607</u>	<u>1,803,149</u>
31					
32 Rate of return on rate base	<u>7.44%</u>	<u>7.15%</u>	<u>6.84%</u>	<u>4.41%</u>	<u>3.33%</u>

A 2011-2013 numbers have been revised to conform with Board Order P.U 27 (2014). Please refer to PUB-NLH-389 for further information.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Revenue Requirement Analysis - 2007 vs. 2015 Test Year
(\$000s)

	Test Year	Actual Year	Actual Year	Test Year	Test Year	Variance from 2007 Test Year to 2014 Test Year	Variance from 2007 Actual to 2014 Test Year	Variance from 2007 Test year to 2015 Test Year	Variance from 2007 Actual to 2015 Test year
	2007	2007	2014	2014	2015	\$	\$	\$	\$
1 Revenue requirement									
2 Energy sales	429,058	429,794	499,129	514,599	659,967	85,541	84,805	230,909	230,173
3 Revenue deficiency	-	-	45,900	45,921	-	45,921	45,921	-	-
4 Other revenue	2,021	1,983	2,067	2,335	2,508	314	352	487	525
5 Total revenue requirement	431,079	431,777	547,096	562,855	662,475	131,776	131,078	231,396	230,698
6									
7 Expenses									
8 Operating expenses									
9 Salaries and fringe benefits	58,457	58,911	83,454	81,456	88,888	22,999	22,545	30,431	29,977
10 System equipment maintenance	20,579	23,525	28,620	22,979	26,825	2,400	(546)	6,246	3,300
11 Office supplies and expenses	2,106	2,262	2,392	2,629	2,804	523	367	698	542
12 Professional services	4,418	3,866	12,629	12,207	9,494	7,789	8,341	5,076	5,628
13 Insurance	1,881	1,703	2,579	2,689	2,607	808	986	726	904
14 Equipment rentals	1,369	1,082	2,017	1,877	3,066	508	795	1,697	1,984
15 Travel	2,332	2,942	3,208	3,711	3,717	1,378	768	1,384	774
16 Miscellaneous expenses	4,530	4,247	6,681	6,471	5,772	1,941	2,224	1,242	1,525
17 Building rental and maintenance	825	1,234	1,228	1,149	1,217	324	(85)	392	(17)
18 Transportation	1,994	1,989	2,308	2,450	2,245	456	461	251	256
19 Cost recoveries	(2,199)	(1,389)	(10,900)	(9,623)	(7,069)	(7,424)	(8,234)	(4,870)	(5,680)
20 Allocated to non-regulated customer	(2,874)	(2,679)	(1,926)	(1,926)	(1,387)	948	753	1,487	1,292
21 Net operating expenses	93,418	97,693	132,290	126,068	138,178	32,650	28,375	44,760	40,485
22 Fuels									
23 No. 6 fuel	136,867	107,369	244,341	255,841	244,914	118,974	148,472	108,047	137,545
24 Rate stabilization plan deferral	-	31,540	(76,160)	(81,878)	(34)	(81,878)	(113,418)	(34)	(31,574)
26 Diesel and other	11,569	11,372	26,979	27,751	22,940	16,182	16,379	11,371	11,568
27 Total fuels	148,436	150,281	195,160	201,714	267,820	53,278	51,433	119,384	117,539
28 Fuel supply deferral	-	-	(9,650)	(9,956)	1,991	(9,956)	(9,956)	1,991	1,991
29 Power Purchases	38,327	38,606	63,741	66,668	63,254	28,341	28,062	24,927	24,648
30 Amortization	38,825	38,342	55,283	55,214	63,792	16,389	16,872	24,967	25,450
31 Accretion of asset retirement obligation	-	-	852	852	878	852	852	878	878
32 Other income and expense	1,366	902	1,708	2,068	4,074	702	1,166	2,708	3,172
33 Expenses before cost of service exclusions	320,372	325,824	439,384	442,628	539,987	122,256	116,804	219,615	214,163
34 less: Cost of service exclusions	-	-	(1,426)	(336)	(323)	(336)	(336)	(323)	(323)
35	320,372	325,824	437,958	442,292	539,664	121,920	116,468	219,292	213,840
36									
37 Return on rate base	110,707	105,953	109,138	120,563	122,811	9,856	14,610	12,104	16,858
38									
39 Average rate base	1,489,323	1,482,621	1,594,648	1,692,567	1,802,024				
40									
41 Rate of return on rate base	7.44%	7.15%	6.84%	7.12%	6.82%				

A 2011-2013 numbers have been revised to conform with Board Order P.U 27 (2014). Please refer to PUB-NLH-389 for further information

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Rate Base - Existing vs. Proposed
(\$000s)

	Test Year 2007	Actual 2007	Actual 2014	Test Year 2014	Test Year 2015
1 Capital assets	2,008,654	2,016,315	1,590,478	1,840,320	1,870,275
2 less: asset retirement obligation costs	-	-	(14,508)	(14,442)	(12,169)
3 less: contributions in aid of construction	(92,250)	(96,396)	(3,061)	(16,550)	(17,936)
4 less: accumulated depreciation	(559,855)	(570,225)	(104,522)	(193,532)	(203,834)
5 Capital assets - current year	1,356,549	1,349,694	1,468,387	1,615,796	1,636,336
6 Capital assets - previous year	1,354,631	1,345,766	1,432,533	1,432,533	1,615,796
7 Unadjusted Capital assets - average	1,355,590	1,347,730	1,450,460	1,524,165	1,626,066
8 less: Average net assets not in use	-	-	(15,201)	(2,941)	(2,605)
9 Capital assets - average	1,355,590	1,347,730	1,435,259	1,521,224	1,623,461
10					
11 Cash working capital allowance	3,030	3,496	8,331	9,207	7,037
12 Fuel	27,473	24,972	60,041	65,110	66,633
13 Materials and supplies	19,912	21,699	26,425	25,823	27,402
14 Deferred charges	83,318	84,725	64,593	71,203	77,491
15					
16 Average rate base	1,489,323	1,482,621	1,594,648	1,692,567	1,802,024

A 2011-2013 numbers have been revised to conform with Board Order P.U 27 (2014). Please refer to PUB-NLH-389 for further information

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Forecast Average Cost of Debt
(\$ 000s)

Series	Interest Rate	Year of Issue	Year of Maturity	Actual 2012	Actual 2013	Actual 2014	Test Year 2014	Test Year 2015
1 Series V	10.50%	1989	2014	125,000	125,000	300	-	-
2 Series X	10.25%	1992	2017	150,000	150,000	150,000	150,000	150,000
3 Series Y	8.40%	1996	2026	300,000	300,000	300,000	300,000	300,000
4 Series AB	6.65%	2001	2031	300,000	300,000	300,000	300,000	300,000
5 Series AD	5.70%	2003	2033	125,000	125,000	125,000	125,000	125,000
6 Series AE	4.30%	2006	2016	225,000	225,000	225,000	225,000	225,000
Series AF	3.60%	2014	2044			200,000	200,000	600,000
7 Total debentures				1,225,000	1,225,000	1,300,300	1,300,000	1,700,000
8								
9 Promissory notes				52,000	41,000	53,000	145,564	-
10 Less:								
11 Sinking funds				(310,069)	(337,591)	(235,779)	(235,693)	(257,000)
12 Non-regulated debt pool				(7,217)	(8,187)	(6,757)	(8,187)	(8,187)
13 Unamortized debt discount and financing				(2,785)	(2,244)	(4,660)	(1,730)	(1,235)
14								
15 Total debt				<u>956,929</u>	<u>917,978</u>	<u>1,106,105</u>	<u>1,199,954</u>	<u>1,433,578</u>
16								
17 Average debt					<u>937,454</u>	<u>1,012,041</u>	<u>1,058,966</u>	<u>1,316,766</u>
18				Actual 2013	Actual 2014	Test year 2014	Test year 2015	
19 Embedded cost of debt								
20 Long-term debt				90,450	85,481	86,288	95,325	
21 Accretion of long-term debt				540	529	514	495	
22 Amortization of foreign exchange losses				2,157	2,157	2,157	2,157	
23 Debt guarantee fee				3,735	3,683	3,683	4,447	
24 Other interest				226	891	1,053	(1,230)	
25 Interest on sinking fund				<u>(19,302)</u>	<u>(15,935)</u>	<u>(16,026)</u>	<u>(13,413)</u>	
27								
28								
29 Embedded cost of debt					<u>77,806</u>	<u>76,806</u>	<u>77,669</u>	<u>87,781</u>
					<u>8.30%</u>	<u>7.59%</u>	<u>7.33%</u>	<u>6.67%</u>