

1 Q. Please illustrate the operation of the proposed Energy Supply Cost Variance
2 Deferral Account during the period 2012 through 2014, assuming the mechanism
3 had been approved based on a test year reflecting 2011 actual costs. Indicate in the
4 response the dollar value of the annual variance determined by the Energy Supply
5 costs formula in the proposed account definition that is due to each of (i) Gas
6 Turbine/Diesel fuels costs; (ii) Nalcor Grand Falls, Bishop Falls and Buchans; and, (iii)
7 other. (Volume I, Section 3: Finance Schedule VII, page 1 of 1)

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10 A. Please see NP-NLH-351 Attachments 1 and 2. Attachment 1 provides the
11 calculation of the deferral account balances under the scenarios requested by year.
12 NP-NLH-351 Attachment 2 provides a breakdown of the deferral account
13 calculations based on quantity and price variations.

2012 Energy Supply Cost Variance Account - Illustration

Particulars (\$)	Power Purchases					Total
	Wind	CBPP	Hydraulic ¹	Diesel	Gas Turbine	
A - 2012 Actual Energy Supply Costs	13,066,762	6,906,202	30,395,394	96,631	499,779	50,964,768
B - 2011 Test Year Energy Supply Costs	13,102,774	5,916,807	26,859,787	407,232	279,429	46,566,029
C - Energy Supply (Costs)/Savings Based Upon the Cost of Holyrood Generation [D/E x F]						12,961,034
Energy Supply Cost Variance [(A-B)-C]						(8,562,294)
Cost Variance Threshold						(500,000)
Energy Supply Cost Variance Deferral Balance						(8,062,294)
D - Holyrood 2011 Test Year Average Fuel Cost (bbl)						91.92
E - 2011 Test Year Fuel Conversion Factor (kWh/bbl)						603
F - Annual kWh variance - 2012 Actual vs. 2011 Test Year (kWh) [F1/F2]						85,025,060
F1 - 2012 Actual Consumption (kWh)						989,726,993
F2 - 2011 Test Year Consumption (kWh)						904,701,933

¹ Includes Nalcor Grand Falls, Bishop Falls and Buchans.

2013 Energy Supply Cost Variance Account - Illustration

Particulars (\$)	Power Purchases					Total
	Wind	CBPP	Hydraulic ¹	Diesel	Gas Turbine	
A - 2013 Actual Energy Supply Costs	12,842,163	9,259,747	30,842,339	628,742	626,171	54,199,162
B - 2011 Test Year Energy Supply Costs	13,102,774	5,916,807	26,859,787	407,232	279,429	46,566,029
C - Energy Supply (Costs)/Savings Based Upon the Cost of Holyrood Generation [D/E x F]						15,812,204
Energy Supply Cost Variance [(A-B)-C]						(8,179,070)
Cost Variance Threshold						(500,000)
Energy Supply Cost Variance Deferral Balance						(7,679,070)
D - Holyrood 2011 Test Year Average Fuel Cost (bbl)						91.92
E - 2011 Test Year Fuel Conversion Factor (kWh/bbl)						603
F - Annual kWh variance - 2013 Actual vs. 2011 Test Year (kWh) [F1/F2]						103,728,884
F1 - 2013 Actual Consumption (kWh)						1,008,430,817
F2 - 2011 Test Year Consumption (kWh)						904,701,933

¹ Includes Nalcor Grand Falls, Bishop Falls and Buchans.

2014 Energy Supply Cost Variance Account

Particulars (\$)	Power Purchases					Total
	Wind	CBPP	Hydraulic ¹	Diesel	Gas Turbine	
A - 2014 Actual Energy Supply Costs	11,990,074	9,659,724	29,044,806	1,053,654	5,234,409	56,982,667
B - 2011 Test Year Energy Supply Costs	13,102,774	5,916,807	26,859,787	407,232	279,429	46,566,029
C - Energy Supply (Costs)/Savings Based Upon the Cost of Holyrood Generation [D/E x F]						<u>7,258,275</u>
Energy Supply Cost Variance [(A-B)-C]						3,158,363
Cost Variance Threshold						<u>500,000</u>
Energy Supply Cost Variance Deferral Balance						<u>2,658,363</u>
D - Holyrood 2011 Test Year Average Fuel Cost (bbl)						91.92
E - 2011 Test Year Fuel Conversion Factor (kWh/bbl)						603
F - Annual kWh variance - 2014 Actual vs. 2011 Test Year (kWh) [F1/F2]						47,614,666
F1 - 2014 Actual Consumption (kWh)						952,316,599
F2 - 2011 Test Year Consumption (kWh)						904,701,933

¹ Includes Nalcor Grand Falls, Bishop Falls and Buchans.

Calculation of Energy Supply Cost Variance Account

Energy Supply Cost Variance Account - Quantity							Energy Supply Cost Variance Account - Price						
A	B	C	D	E	F	G	H	I	J	K	L	M	
Cost of Service Energy Supply	Actual Energy Supply	Annual Energy Supply Variance	Cost of Service No. 6 Fuel Cost ¹	Cost of Service No. 6 Fuel Cost	Cost of Service Energy Supply Cost	Energy Supply Quantity Variation	Actual Quantity Energy Supply	Cost of Service Energy Supply Cost	Actual Energy Supply Cost	Cost Variance	Energy Supply Price Variation	Total Variation	
(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$/kWh)	(\$)	(kWh)	(\$/kWh)	(\$/kWh)	(\$)	(\$)	(\$)	
		(B - A)			(D/O ¹)	C x (F - E)				(J - I)	(H x K)		
Gas Turbine/Diesel							Gas Turbine/Diesel						
2012	3,326,061	1,867,169	(1,458,892)	91.92	0.1524	0.2064	(78,796)	1,867,169	0.2064	0.3194	0.1130	210,936	132,140
2013	3,326,061	5,539,805	2,213,744	91.92	0.1524	0.2064	119,566	5,539,805	0.2064	0.2265	0.0201	111,228	230,794
2014	3,326,061	14,206,302	10,880,241	91.92	0.1524	0.2064	587,651	14,206,302	0.2064	0.4426	0.2362	3,355,192	3,942,842
Nalcor Grand Falls, Bishops Falls and Buchans							Nalcor Grand Falls, Bishops Falls and Buchans						
2012	504,423,990	585,902,461	81,478,471	91.92	0.1524	0.0400	(9,161,261)	585,902,461	0.0400	0.0400	0.0000	0	(9,161,261)
2013	504,423,990	599,732,938	95,308,948	91.92	0.1524	0.0400	(10,716,329)	599,732,938	0.0400	0.0400	0.0000	0	(10,716,329)
2014	504,423,990	576,211,479	71,787,489	91.92	0.1524	0.0400	(8,071,628)	576,211,479	0.0400	0.0400	0.0000	0	(8,071,628)
Other							Other						
2012	396,951,882	401,957,363	5,005,481	91.92	0.1524	0.0647	(438,923)	401,957,363	0.0647	0.0670	0.0023	905,847	466,925
2013	396,951,882	403,158,074	6,206,192	91.92	0.1524	0.0647	(544,211)	403,158,074	0.0647	0.0718	0.0071	2,850,676	2,306,465
2014	396,951,882	361,898,818	(35,053,064)	91.92	0.1524	0.0647	3,073,746	361,898,818	0.0647	0.0764	0.0116	4,213,402	7,287,149
Total							Total						
2012	904,701,933	989,726,993	85,025,060				(9,678,979)	989,726,993				1,116,783	(8,562,196)
2013	904,701,933	1,008,430,817	103,728,884				(11,140,974)	1,008,430,817				2,961,904	(8,179,070)
2014	904,701,933	952,316,599	47,614,666				(4,410,231)	952,316,599				7,568,594	3,158,363

¹ 2011 Test Year Holyrood Efficiency Factor of 603 kWhs/bbl.