

1 Q. **2013 General Rate Application, Rates**

2 Using the most recent forecast, what is expected to be the impact on rates to
3 Newfoundland Power of the RSP adjustment effective on July 1, 2015? Provide
4 details of the calculation.

5

6

7 A. []

8

9 The customer impacts of RSP rate changes as a result of fuel price changes
10 implemented through the RSP fuel rider are sensitive to the Cdn dollar conversion
11 factor reflected in the estimate. Using Hydro's most recent fuel price forecast of
12 \$88.60 (\$Cdn/bbl) assuming a 1:1 \$Cdn/\$US exchange rate, the expected impact on
13 the rates to the customers of Newfoundland Power of the RSP adjustment effective
14 on July 1, 2015 is 2.3% (as shown in the table below). PUB-NLH-072 Attachment 1
15 (Revision 1) provides the details of the calculation.

16

17 Alternatively, using the most recent forecast fuel price of \$88.60 (\$US/bbl)
18 assuming a 1.14 \$Cdn/\$US exchange rate provides a forecast fuel price of \$100.80
19 (\$Cdn/bbl). The expected impact on Newfoundland Power rates using this
20 conversion rate would be an increase of 9.5% or 6.4% at the retail customer level.

PUB-NLH-072 (Revision 1, Dec 4-14)
2013 NLH General Rate Application

Page 2 of 2

	2015 Billing Units	Unit	2015 Forecast (Jan rates)	\$	2015 Forecast (July rates)	\$	% NP	% Consumer ¹
Demand (kW)	15,122,049	\$/kW/mo	5.50	83,171,270	5.50	83,171,270		
Energy (MWh)	3,000,000	mills/kWh	34.11	102,330,000	34.11	102,330,000		
Energy (MWh)	2,924,100	mills/kWh	116.22	339,838,902	116.22	339,838,902		
				525,340,172		525,340,172		
RSP: Current Plan	5,924,100	mills/kWh	(5.51)	(32,641,791)	(1.34)	(7,938,294)		
RSP: Fuel Rider	5,924,100	mills/kWh		-	(1.30)	(7,701,330)		
Total RSP			(5.51)	(32,641,791)	(2.64)	(15,639,624)		
Firm plus RSP				492,698,381		509,700,548	3.5%	2.33%

1) Approximate impact only as Hydro does not complete rate design for Newfoundland Power customers.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER
No. 6 0.7% Sulphur Fuel Price Projection
July 1 2015 NP RSP Recovery Rate for 2015 Test Year
Utility Customer

Line

No	Customer Allocation	Amount	Comments
1	March Fuel Price Projection	\$ 88.60	From Page 2
2	2015 Test Year Fuel Forecast Price	\$ 91.77	
3	Forecast Fuel Price Variance	\$ (3.17)	Line 1 - Line 2
4	2015 Test Year No. 6 Barrels	2,624,371	From Line 39
5	Forecast Fuel Variance	\$ (8,319,256)	Line 3 x Line 4
6	Utility Customer Allocation Ratio for March	92.70%	From Line 8
7	Utility Customer Allocation	\$ (7,711,950)	Line 5 x Line 6

	kWh	Percent of Total	Allocation of Rural	Total	
8	12 months to date (Apr 2014-Mar 2015) Utility Sales	5,937,894,149	86.26%	6.44%	92.70%
9	12 months to date (Apr 2014-Mar 2015) Industrial Customer Sales	485,422,580	7.05%	0.00%	7.05%
10	12 months to date (Apr 2014-Mar 2015) Bulk Rural Energy	460,497,419	6.69%	-6.69%	0.00%
11	Total	6,883,814,148			

Calculation of Utility Customer RSP Rate		Amount	Comments
Rate Rider			
12	Utility Allocation March	\$ (7,711,950)	From Line 7
13	12 months to date Utility Sales (kWh)	5,937,894,149	From Line 8
14	Fuel Projection Rider (mills per kWh)	(1.30)	Line 12/Line 13 x 1000
March Balance			
15	Forecast Financing Costs	\$ (14,802,276)	March RSP
16	Forecast Recovery to June 30	\$ (542,766)	From Line 38
17	Total to be recovered	\$ 7,408,163	Lines 23 to 25
18	12 months to date (Apr 2014-Mar 2015) Utility Sales	\$ (7,936,880)	Lines 15 to 17
19	Balance Rate (mills per kWh)	5,937,894,149	From Line 8
20	RSP Adjustment Rate (mills per kWh)	(1.34)	Line 18/Line 19 x 1000
21		-2.64	Line 14 + Line 20

Utility Forecast Recovery
2014-2015

2007 Test Year Weighted Average Cost of Capital per annum	7.529%
Nominal Financing Rate	7.281%

		Sales kWh	Financing Costs	Adjustment	Total To Date Balance
22	Balance Forward				\$ (14,802,276)
23	April	543,018,070	\$ (89,813)	\$ 2,992,030	(11,900,059)
24	May	458,076,079	(72,204)	\$ 2,523,999	(9,448,264)
25	June	343,400,000	(57,327)	\$ 1,892,134	(7,613,457)
26	July	308,800,000	(46,195)	413,792	(7,245,860)
27	August	308,400,000	(43,964)	413,256	(6,876,568)
28	September	327,900,000	(41,724)	439,386	(6,478,906)
29	October	410,200,000	(39,311)	549,668	(5,968,548)
30	November	517,300,000	(36,214)	693,182	(5,311,581)
31	December	671,600,000	(32,228)	899,944	(4,443,865)
32	January	729,300,000	(26,963)	977,262	(3,493,566)
33	February	662,500,000	(21,197)	887,750	(2,627,013)
34	March	657,400,000	(15,939)	880,916	(1,762,036)
35	April	543,018,070	(10,691)	727,644	(1,045,083)
36	May	458,076,079	(6,341)	613,822	(437,602)
37	June	343,400,000	(2,655)	460,156	19,898
38	Total		\$ (542,766)	\$ 15,364,941	

2015 Test Year Barrels

39	2015 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood	2,624,371
----	--	-----------

NEWFOUNDLAND AND LABRADOR HYDRO
Fuel Price Projection
As at March 31, 2015
July 1 2015 NP RSP Recovery Rate for 2015 Test Year

	\$/bbl
PIRA Forecast \$ US/bbl ⁽¹⁾	
July	90.90
August	92.90
September	92.70
October	94.00
November	90.80
December	88.80
January	85.50
February	85.50
March	85.50
April	85.50
May	85.50
June	85.50
Average \$US/bbl ⁽²⁾	88.60
NLH TestYear Contract Discount (\$US/bbl)	<u>0.000</u>
	\$88.60
Can\$/US\$ Noon Exchange Rate ⁽³⁾	<u>1.0000</u>
NLH Fuel Price Projection (\$Can/bbl) ⁽²⁾	<u>\$88.60</u>

Notes:

- (1) The forecast for July to Dec 2015 is from Sept fuel run from System Planning and Jan to June 2016 is from IE corp planning assumptions Apr 2014 PIRA forecast.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the budget/forecast is assumed to be 1:1