

1     Q.     Further to the response to PUB-NLH-19 in relation to the 2013 RSP proceeding, in  
2           which Hydro states that "*...ideally, the RSP methodology would have been able to*  
3           *handle these load variations, as variations of even greater magnitude have*  
4           *historically occurred in Hydraulic and Fuel Cost components of the RSP*", provide the  
5           details on these variations of "*greater magnitude*" referred to in the response. Why,  
6           in Hydro's opinion, were such variations adequately dealt with by the RSP but the  
7           load variations were not?

8  
9  
10    A.     The variations of greater magnitude refer to fuel cost variations as high as \$56.9  
11           million in 2001 and hydraulic variations as high as \$54.3 million in 1987. This is  
12           shown in Appendix B of the Grant Thornton report on Historical Review of the RSP  
13           which was filed as Appendix C of Hydro's 2013 RSP filing on July 30, 2014 and has  
14           been included here as PUB-NLH-294 Attachment 1.

15  
16           Since the inception of the RSP in 1986, there have been a number of changes  
17           introduced to the hydraulic, fuel price, customer load variation components of the  
18           RSP as well as to the RSP recovery/repayment provisions which have improved the  
19           functioning of the RSP. In Hydro's 2006 RSP Report, filed as Appendix B in the 2013  
20           RSP proceeding, Hydro reviewed some of the changes that had been made and  
21           reviewed the adequacy of the then-existing provisions. In the Analysis section of  
22           the Report, page 14, Hydro concluded that the customer allocation for the load  
23           variation should be revised so that it is more closely aligned with Cost of Service  
24           treatment. That inadequacy is proposed to be dealt with in the current proceeding  
25           in that Hydro has proposed a change to the customer allocation for the load  
26           variation provision of the RSP such that both the revenue and the fuel components

- 1 of the load variation are allocated between NP and IC based on customer energy
- 2 ratios.

Appendix A: RSP History - Activity and Balances

(In thousands of dollars)

	Annual Activity							(Recovery)/ Refund	Plan Balances			
	Hydraulic	Fuel Cost	Load	RRA	Financing	Other	Total		NP	IC	Hydraulic	Total
1986	12,045	(11,814)	(2,506)	-	267	-	(2,008)	-	(1,889)	(119)	-	(2,008)
1987	54,280	(35,044)	(1,582)	-	709	-	18,363	(68)	8,063	8,222	-	16,285
1988	(726)	(34,173)	62	-	170	-	(34,669)	(245)	(18,498)	(131)	-	(18,629)
1989	15,341	(33,097)	1,378	-	(3,508)	-	(19,886)	5,704	(31,004)	(1,807)	-	(32,811)
1990	13,619	3,175	(1,781)	-	(1,666)	8,941	22,288	10,010	(4,445)	3,932	-	(513)
1991	(2,757)	(4,853)	(3,054)	-	(326)	-	(10,990)	3,803	(10,530)	2,830	-	(7,700)
1992	(198)	3,469	1,482	-	(111)	6,488	11,130	664	593	3,505	-	4,098
1993	(4,668)	7,397	1,834	(26)	746	-	5,283	47	3,825	5,636	-	9,461
1994	(17,077)	3,509	2,313	(120)	32	-	(11,341)	(2,120)	(5,610)	1,573	-	(4,035)
1995	(3,733)	19,015	1,820	(134)	537	-	17,505	(694)	6,900	6,016	-	12,916
1996	(7,419)	21,805	2,441	(140)	2,005	-	18,692	(1,506)	21,002	9,160	-	30,162
1997	(8,545)	24,507	(560)	(478)	3,346	-	18,270	(7,103)	27,644	13,734	-	41,378
1998	(967)	12,068	3,435	122	4,150	-	18,808	(11,227)	33,009	15,776	-	48,785
1999	(15,859)	9,128	5,050	(394)	3,223	-	1,148	(15,427)	21,436	12,892	-	34,328
2000	(16,614)	29,359	521	(880)	2,774	(862)	14,298	(13,734)	22,684	12,056	-	34,740
2001	5,243	56,879	(3,506)	125	4,438	-	63,179	(11,152)	60,300	24,768	-	85,068
2002	6,967	46,113	(5,313)	(326)	7,189	184	54,814	(13,921)	92,060	32,711	-	124,771
2003	4,130	36,534	(2,846)	(227)	10,333	-	47,924	(16,669)	114,790	40,914	-	155,704
2004 Current	(7,362)	12,665	590	(949)	79	(12)	5,015	(1,951)	4,909	3,713	(5,521)	3,101
2004 Historical					10,459	5	10,464	(32,236)	101,660	32,273		133,933
2004 Total	(7,362)	12,665	590	(949)	10,538	(7)	15,479	(34,187)	106,569	35,986	(5,521)	137,034
2005 Current	(8,646)	16,289	(1,431)	(2,329)	(309)		3,574	(18,660)	120	(1,296)	(10,625)	(11,801)
2005 Historical					8,768		8,768	(37,835)	79,781	25,086		104,867
2005 Total	(8,646)	16,289	(1,431)	(2,329)	8,459	-	12,342	(56,495)	79,901	23,790	(10,625)	93,066
2006 Current	(10,678)	25,715	(11,442)	(4,337)	(2,067)		(2,809)	(35,396)	(19,268)	(14,406)	(15,978)	(49,652)
2006 Historical					6,412	(10,000)	(3,588)	(38,285)	53,893	9,101		62,994
2006 Total	(10,678)	25,715	(11,442)	(4,337)	4,345	(10,000)	(6,397)	(73,681)	34,625	(5,305)	(15,978)	13,342
2007 Current	(19,761)	(5,772)	(6,008)	1,862	(3,097)	(1,383)	(34,159)	23,918	(14,659)	(8,829)	(14,820)	(38,308)
2007 Historical					1,972	(21,585)	(19,613)	(32,839)	12,053	-		12,053
2007 Total	(19,761)	(5,772)	(6,008)	1,862	(1,125)	(22,968)	(53,772)	(8,921)	(2,606)	(8,829)	(14,820)	(26,255)
2008 Current	(26,383)	27,745	(10,341)	(245)	(2,937)	(2,238)	(14,399)	(440)	(10,330)	(11,994)	(30,903)	(53,227)
2008 Historical					191		191	(14,482)	-	-	-	-
2008 Total	(26,383)	27,745	(10,341)	(245)	(2,746)	(2,238)	(14,208)	(14,922)	(10,330)	(11,994)	(30,903)	(53,227)
2009 Current	(12,006)	(4,523)	(26,027)	(1,152)	(7,026)		(50,734)	(18,301)	(52,940)	(36,875)	(32,181)	(121,996)
2009 Historical							-	-	-	-	-	-
2009 Total	(12,006)	(4,523)	(26,027)	(1,152)	(7,026)	-	(50,734)	(18,301)	(52,940)	(36,875)	(32,181)	(121,996)

The information from this table for the years 1986 to 2005 was obtained from the June 30, 2006 report "Review of the Operation of the Rate Stabilization Plan For the Period January 1, 2004 to December 31, 2005".  
Appendix A: RSP History - Activity and Balances. For the years 2006 - 2009 the information was obtained from the December 31st RSP reports prepared by Hydro.

Note 1: This is the 1989 PDD loss be applied against the RSP.

Note 2: This is the 1991 retail cost deferral.

Note 3: This is the correction of Industrial Rural deficit allocation.

Note 4: These are billing adjustments.

Note 5: This is the \$10 million contribution from the Government of Newfoundland and Labrador towards the Industrial Customers Historical balance.

Note 6: This is the balance in the Industrial Customers Historical Account that was transferred to the Current Plan at the expiration of the Historical Plan on December 31, 2007.

Note 7: This represents the Hydraulic Balance as of December 31, 2006 that was allocated to the Historical Plans (NP and the Industrial Customers). This was approved by the Board in P.U. 8 (2007) that was issued April 12, 2007. Hydro revised the opening 2007 balances to account for this allocation.

Note 8: This is the balance in the NP Historical Account that was transferred to the Current Plan at the expiration of the Historical Plan on June 30, 2008.