

1    Q.    2013 Amended General Rate Application, November 10, 2014, Volume I, Section 3:  
2           Finance, Schedule III, page 2 of 2: Please provide a detailed calculation, beginning  
3           with the approved 2012 Rate Base, of the 2014 Rate Base and of the 2015 Rate  
4           Base, including all of the additions and deletions to the amount that was fixed and  
5           determined in Board Order P.U. 27(2014).  
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8    A.    Please refer to PUB-NLH-389 Attachment 1, Page 1 of 2 for the revised calculation  
9           of the average rate base for 2012-2015<sup>1</sup> to reflect the exclusions of Black Tickle Fire  
10          restoration project and the Charlottetown Diesel Plant projects. Please refer to  
11          PUB-NLH-389 Attachment 1, Page 2 of 2 for the detailed calculations.

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<sup>1</sup> The revised average rate base for 2012 differs from average rate base noted in Order No. P.U 27(2014) primarily because the net book value of these assets decrease on an annual basis due to accumulated amortization.

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

PUB-NLH-389, Attachment 1  
Page 1 of 2, NLH GRA 2013

	Test Year 2007	Actual 2007	Actual 2012	Actual 2013	Test Year 2014	Test Year 2015
1 Capital assets	2,008,654	2,016,315	1,510,588	1,603,351	1,840,320	1,870,275
2 less: asset retirement obligation costs	-	-	(19,685)	(16,715)	(14,442)	(12,169)
3 less: contributions in aid of construction	(92,250)	(96,396)	(14,052)	(15,786)	(16,550)	(17,936)
4 less: accumulated depreciation	<u>(559,855)</u>	<u>(570,225)</u>	<u>(88,865)</u>	<u>(138,317)</u>	<u>(193,532)</u>	<u>(203,834)</u>
5 Capital assets - current year	1,356,549	1,349,694	1,387,986	1,432,533	1,615,796	1,636,336
6 Capital assets - previous year	<u>1,354,631</u>	<u>1,345,766</u>	<u>1,368,720</u>	<u>1,387,986</u>	<u>1,432,533</u>	<u>1,615,796</u>
7 Unadjusted Capital assets - average	1,355,590	1,347,730	1,378,353	1,410,260	1,524,165	1,626,066
8 less: Average net assets not in use	<u>-</u>	<u>-</u>	<u>(2,235)</u>	<u>(8,544)</u>	<u>(4,303)</u>	<u>(3,912)</u>
9 Capital assets - average	1,355,590	1,347,730	1,376,118	1,401,716	1,519,861	1,622,154
10						
11 Cash working capital allowance	3,030	3,496	7,810	5,875	9,207	7,037
12 Fuel	27,473	25,874	50,308	48,949	65,110	66,633
13 Materials and supplies	19,912	21,699	25,339	25,763	25,823	27,402
14 Deferred charges	83,318	84,725	65,670	64,627	71,203	77,491
15						
16 Average rate base	<u>1,489,323</u>	<u>1,483,524</u>	<u>1,525,245</u>	<u>1,546,930</u>	<u>1,691,205</u>	<u>1,800,716</u>

**Note 1:** Updated for the exclusion of costs net of amortization of Charlottetown diesel plant for 2012-2013 and Black Tickle fire restoration for 2012-2015. Please refer to PUB-NLH-389-Attachment 1, Page 2 of 2 for the calculation and further information.

**Charlottetown Diesel Plant (\$000's)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
WIP	\$ -	\$ -	\$ -	\$ -	\$ -
Cost	\$ 1,482	\$ 1,426	\$ 1,426	\$ 1,426	\$ 1,426
Accumulated Amortization	\$ (61)	\$ (135)	\$ (209)	\$ (283)	\$ (357)
Net Book Value	\$ 1,421	\$ 1,292	\$ 1,218	\$ 1,144	\$ 1,070
Included NBV in Rate Base (40.5%) <b>Note 1</b>	\$ 575	\$ 523	\$ 493	\$ 463	\$ 433
a Exclude NBV from Rate Base (59.5%) <b>Note 1</b>	\$ 845	\$ 769	\$ 725	<b>Note 2</b>	<b>Note 2</b>

**Black Tickle Fire Restoration (\$000's)**

WIP (net of insurance proceeds)	\$ -	\$ 1,374	\$ -	\$ -	\$ -
Cost (net of insurance proceeds)	\$ -	\$ -	\$ 1,417	\$ 1,417	\$ 1,417
Accumulated Amortization	\$ -	\$ -	\$ (27)	\$ (82)	\$ (137)
Net Book Value (net of insurance proceeds)	\$ -	\$ -	\$ 1,390	\$ 1,335	\$ 1,280
b Excluded NBV from Rate Base (100%)	\$ -	\$ -	\$ 1,390	\$ 1,335	\$ 1,280

c = a + b Total Annual Exclusions \$ 845 \$ 769 \$ 2,115 \$ 1,335 \$ 1,280

d Average excluded from Rate Base \$ 423 \$ 807 \$ 1,442 \$ 1,362 \$ 1,307

Original average net assets not in service	\$ 423	\$ 1,428	\$ 7,102	\$ 2,941	\$ 2,605
Adjustment from d above	\$ 423	\$ 807	\$ 1,442	\$ 1,362	\$ 1,307
Revised	<u>\$ 846</u>	<u>\$ 2,235</u>	<u>\$ 8,544</u>	<u>\$ 4,303</u>	<u>\$ 3,912</u>

**Note 1:** As per Order No. P.U. 27(2014), the Board ordered that Hydro shall include \$0.6M of the \$1.4M in 2013 in Rate Base (approximately 40.5%). As a result Hydro excludes 59.5% of the Net Book Value in the calculation of Rate Base.

**Note 2:** Charlottetown Diesel was excluded in 2014 and 2015 Test Years. No further exclusion required.