

1 Q. Please update Table 4.15, Section 4, page 4.50, Comparison of Revenues and RSP,
2 to reflect the impact of the interim rates orders (Order No. P.U. 17(2015) and Order
3 No. P.U. 21(2015)), using both the fuel forecast in the amended general rate
4 application and the fuel forecast used in the interim rates application.

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6
7 A. Table 1 provides a revised Table 4.15 assuming the approved existing rates reflect
8 interim rates effective July 1, 2015 and the proposed rates reflect the fuel cost
9 forecast of \$93.32 per barrel used in the Amended Application.

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11 Table 2 provides revised Table 4.15 assuming the existing rates reflect the approved
12 interim rates effective July 1, 2015 and the revised base rates reflect the fuel price
13 forecast of \$73.35 per barrel which was approved in determining the
14 Newfoundland Power ("NP") RSP factor effective July 1, 2015.¹ Based upon the
15 2015 Test Year No. 6 fuel forecast of approximately 2.6 million barrels, the fuel cost
16 reduction of \$20 per barrel would reduce the 2015 Test Year Cost of Service by
17 approximately \$52 million.²

18
19 Given the material reduction in the No. 6 fuel forecast would normally correspond
20 to a reduced No. 2 diesel fuel forecast, Hydro reduced the forecast 2015 Test Year
21 No. 2 fuel cost for Isolated Diesel Systems by \$3.2 million in estimating the revised
22 revenue requirement in Table 2.³

¹ Approved in Order No. P.U. 17 (2015).

² $(\$93.32/\text{bbl} - \$73.35/\text{bbl}) \times 2,624,371 \text{ bbls} = \$52,487,420$ or approximately \$52 million.

³ The No. 2 diesel fuel forecast on isolated systems is revised from \$18.8 million in the Amended Application to \$15.6 million for use in determining revised revenue requirement in Table 2.

1 The revised fuel forecast in Table 2 versus Table 1 results in a lower rural deficit
2 allocation to NP under the proposed rural deficit allocation method. This revision
3 changes the rate increase to customers on the Labrador Interconnected System
4 from 2.1% in Table 1 to 3.2% in Table 2.

5
6 Table 2 shows no material change in rates for customers of NP on implementation
7 of 2015 Test Year rates based on the RSP fuel price projection reflected in the
8 existing interim rates for NP customers. However, the revised rate change reflects a
9 \$42 million credit RSP balance lowering final customer rates relative to base rates.
10 Hydro anticipates a material increase in NP customer rates as a result of the RSP
11 update on July 1, 2016. This update would also include the impacts of updating the
12 RSP balance to reflect the 2015 Test Year No. 6 fuel costs at the conclusion of the
13 GRA.

14
15 Hydro notes that the revised revenues provided in Table 2 are reasonable estimates
16 of changes in revenue requirement but are not based on a comprehensive 2015
17 Test Year Cost of Service Study update. A comprehensive 2015 Test Year Cost of
18 Service Study update will be provided at the conclusion of the GRA to reflect the
19 Order of the Board.

Table 1

Revenues and RSP at Existing Rates vs. Amended Application				
	1-Jul-15 Existing Rates	Proposed Base Rates - Amended GRA Fuel ¹	\$ Change	% Change
Newfoundland Power				
Firm	\$ 448,559,921	\$ 525,340,174	\$ 76,780,253	
RSP ²	(10,841,103)	(42,357,315)	(31,516,212)	
Total Firm NP	\$ 437,718,818	\$ 482,982,859	\$ 45,264,041	10.3%
Island Industrial				
Island Industrial Firm ³	\$ 33,542,308	\$ 42,517,934	\$ 8,975,626	
Island Industrial Non- Firm	-	-	-	
Island Industrial Total	\$ 33,542,308	\$ 42,517,934	\$ 8,975,626	26.8%
Labrador Industrial				
Transmission	-	\$ 4,050,000	\$ 4,050,000	
Generation Cost Recovery	2,270,848	1,387,390	(883,458)	
Labrador Industrial Total	\$ 2,270,848	\$ 5,437,390	\$ 3,166,542	139.4%
Canadian Forces Base Goose Bay	\$ 932,221	\$ 932,221	-	0.0%
Rural Island Interconnected	\$ 49,070,647	\$ 52,505,593	\$ 3,434,945	7.0%
Rural Isolated Systems	9,023,368	10,519,193	1,495,825	16.6%
L'Anse au Loup	2,737,350	2,928,964	191,614	7.0%
Rural Labrador Interconnected				
Domestic	11,150,910	11,359,109	208,199	1.9%
GS 2.1 0 - 10 kW	410,227	417,993	7,766	1.9%
GS 2.2 10 - 100 kW	2,342,225	2,386,562	44,337	1.9%
GS 2.3 110 - 1000 kVA	3,071,096	3,129,052	57,956	1.9%
GS 2.4 Over 1000 kVA	2,806,310	2,860,240	53,930	1.9%
Street & Area Lighting	312,471	367,187	54,716	17.5%
Rural Labrador Interconnected	\$ 20,093,239	\$ 20,520,143	\$ 426,904	2.1%
All Rural Systems Total	\$ 80,924,604	\$ 86,473,893	\$ 5,549,289	6.9%
Grand Total	\$ 555,388,799	\$ 618,344,297	\$ 62,955,498	11.3%

1. Amended GRA Fuel price of \$93.32/bbl.

2. Proposed Rates assumes elimination of NP fuel rider on implementation of new base rates.

3. Excludes impacts of RSP Surplus.

Table 2

Revenues and RSP at Existing Rates vs. Revised Rates				
	1-Jul-15 Existing Rates	Revised Rates - July 1 2015 RSP Fuel ¹	\$ Change	% Change
Newfoundland Power				
Firm	\$ 448,559,921	\$ 478,650,550	\$ 30,090,629	
RSP ²	(10,841,103)	(42,357,315)	(31,516,212)	
Total Firm NP	\$ 437,718,818	\$ 436,293,235	\$ (1,425,584)	-0.3%
Island Industrial				
Island Industrial Firm ³	\$ 33,542,308	\$ 37,980,481	\$ 4,438,173	
Island Industrial Non- Firm	-	-	-	
Island Industrial Total	\$ 33,542,308	\$ 37,980,481	\$ 4,438,173	13.2%
Labrador Industrial				
Transmission	-	\$ 4,050,000	\$ 4,050,000	
Generation Cost Recovery	2,270,848	1,387,390	(883,458)	
Labrador Industrial Total	\$ 2,270,848	\$ 5,437,390	\$ 3,166,542	139.4%
Canadian Forces Base Goose Bay	\$ 932,221	\$ 932,221	-	0.0%
Rural Island Interconnected	\$ 49,070,647	\$ 48,972,506	\$ (98,141)	-0.2%
Rural Isolated Systems	9,023,368	9,728,824	705,456	7.8%
L'Anse au Loup	2,737,350	\$ 2,731,875	(5,475)	-0.2%
Rural Labrador Interconnected				
Domestic	11,150,910	11,478,747	327,837	2.9%
GS 2.1 0 - 10 kW	410,227	422,288	12,061	2.9%
GS 2.2 10 - 100 kW	2,342,225	2,411,086	68,861	2.9%
GS 2.3 110 - 1000 kVA	3,071,096	3,161,386	90,290	2.9%
GS 2.4 Over 1000 kVA	2,806,310	2,888,816	82,506	2.9%
Street & Area Lighting	312,471	370,187	57,716	18.5%
Rural Labrador Interconnected	\$ 20,093,239	\$ 20,732,510	\$ 639,271	3.2%
All Rural Systems Total	\$ 80,924,604	\$ 82,165,715	\$ 1,241,110	1.5%
Grand Total	\$ 555,388,799	\$ 562,809,041	\$ 7,420,242	1.3%

1. Fuel price of \$73.35/bbl used to calculate Newfoundland Power RSP fuel rider adjustment effective July 1, 2015.

2. Revised Proposed Rates assumes elimination of NP fuel rider on implementation of new base rates.

3. Excludes impacts of RSP Surplus.