

1 Q. Please provide a detailed description, along with all supporting calculations, of the
2 proposed 3 year phase-in of specifically assigned charges to the Island Industrial
3 Customers.

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6 A. Please see IC-NLH-132, Attachment 1, as filed with Hydro's RSP Application as
7 Appendices E and F.

**IC-NLH-132, Attachment 1,
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Appendix E
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Estimated Phase-In Rates for the 2013 to 2015 Industrial Customer Rates Phase In effective September 1, 2013
Teck Resources

Line No	A	B	C	D	E
	2013 Test Year	Existing Revenue including RSP at August 31 2013		Proposed Test Year Revenue	Reference
	Units	Rate	Revenue A x B	Rate	Revenue A x D
Step 1: Determine Annual Percentage Increase					
1 Demand	114,000 kW	6.68 \$/kW/mo	\$761,520	9.13 \$/kW/mo	\$1,040,820
2 Energy	71,800 MWh	36.76 mills/kWh	\$2,639,368	47.82 mills/kWh	\$3,433,476
3 Specifically Assigned Charges			\$186,169		\$215,009
4 Subtotal			\$3,587,057		\$4,689,305 Line 1 to 3
5 RSP	71,800 MWh	(20.00) mills/kWh	(\$1,436,000)	mills/kWh	\$0
6 Total			\$2,151,057		\$4,689,305 Line 4 to 5
7 Difference between Total Proposed Test Year Revenue and Existing					(\$2,538,248) Line 6, Col C less Line 6, Col E
8 mills/kWh			29.96		65.31 Line 6/Line 2, Col A
9 Annual Required Increase					29.7% See Note 1
	Existing Rates	F September 1 2013	G September 1 2014	H September 1 2015	
Step 2: Determine Annual Revenue					
10 Amount required to achieve 29.7% increase year over year	\$	638,004	\$ 827,235	\$ 1,073,009	
11 Revised Total to be paid by Teck Resources	\$ 2,151,057	\$ 2,789,061	\$ 3,616,296	\$ 4,689,305	Line 11 x (1 + Line 9, Col E)
Step 3: Determine Teck Resources rate effective September 1, 2013					
12 Revised RSP allocation required	\$	(797,996)			Line 5, Col C plus Line 10, Col F
13 Teck Resources RSP Surplus Adjustment rate effective September 1, 2013		(11.11) mills/kWh			Line 12/Line 5, Col A
	Existing Rates	I September 1 2013	J September 1 2014	K September 1 2015	
		Proposed Rates			
		Col I * (1 + Col E),			
		Line 9			
		2013 Test Year			
Step 4: Calculate 3-Year (Interim) Phase-In Rate Components					
14 Demand (\$/kW/month)	6.68	6.68	8.66	9.13	
15 Energy (mills/kWh)	36.76	36.76		47.82	
16 Energy Rate Adjustment (mills/kWh)		(11.11)			Line 13, Col F
17 Net Energy Rate	36.76	25.65	33.25	47.82	
18 RSP (mills/kWh)	(20.00)				
19 Specifically Assigned Charges	\$186,169	\$186,169	\$241,387	\$215,009	
	Existing Rates	L September 1 2013	M September 1 2014	N September 1 2015	
		Revenue at Proposed Rates			
Step 5: Revenue Proof					
20 Demand	\$761,520	\$761,520	\$987,387	\$1,040,820	Line 14 x Line 1, Col A
21 Energy	\$2,639,368	\$2,639,368	\$2,387,522	\$3,433,476	Line 15 x Line 2, Col A
22 Energy Adjustment	\$ (797,996)				Line 12, Col F
23 Specifically Assigned Charges	\$186,169	\$186,169	\$241,387	\$215,009	Line 19
24 Subtotal	\$3,587,057	\$2,789,061	\$3,616,296	\$4,689,305	Line 20 to 23
25 RSP	(\$1,436,000)				Line 18 x Line 5, Col A
26 Total	\$2,151,057	\$2,789,061	\$3,616,296	\$4,689,305	Line 24 to 25
27 % Change year over year		29.7%	29.7%	29.7%	

Note (1): ((29.96 mills per kWh/65.31 mills per kWh))^(1/(2012-2015))-1

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Appendix F
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Estimated Phase-In Rates for the 2013 to 2015 Industrial Customer Rates Phase In effective September 1, 2013
Industrial Customers excluding Teck Resources

Line No	A	B	C	D	E	
	Existing Revenue					
	2013 Test Year	including RSP at August 31 2013		Proposed Test Year Revenue	Reference	
	Units	Rate	Revenue	Rate	Revenue	
			A x B		A x D	
Step 1: Determine Annual Percentage Increase						
1 Demand	721,400 kW	6.68 \$/kW/mo	\$4,818,952	9.13 \$/kW/mo	\$6,586,382	
2 Energy	336,600 MWh	36.76 mills/kWh	\$12,373,416	47.82 mills/kWh	\$16,096,212	
3 Specifically Assigned Charges			\$498,143		\$1,580,426	
4 Subtotal			\$17,690,511		\$24,263,020	Line 1 to 3
5 RSP (Vale and Praxair)	38,600 MWh	(20.00) mills/kWh	(\$772,000)	mills/kWh	\$0	
6 RSP (Other Industrial Customers excluding Teck, Vale, and Praxair)	298,000 MWh	(7.85) mills/kWh	(\$2,339,300)	mills/kWh	\$0	
7 Total	336,600 MWh		\$14,579,211		\$24,263,020	Line 4 to 6
8 Difference between Total Proposed Test Year Revenue and Existing					(\$9,683,809)	Line 7, Col C less Line 7, Col E
9 mills/kWh			43.31		72.08	Line 7/Line 2, Col A
10 Annual Required Increase					18.5%	See Note 1

	F	G	H
	Phase-In Industrial Customer Rates		
	September 1	September 1	September 1
	2013	2014	2015
Existing Rates			
	Col I * (1 + Col		
	E), Line 10		
	2013 Test Year		
Step 2: Calculate 3-Year (Interim) Phase-In Rate Components			
11 Demand (\$/kW/month)	6.68	6.68	7.92
12 Energy (mills/kWh)	36.76	36.76	43.56
13 RSP (mills/kWh)	(7.85)		
14 Specifically Assigned Charges	\$498,143	\$498,143	\$590,299
			\$1,580,426

	I	J	K
	Revenue at Proposed Rates		
	September 1	September 1	September 1
	2013	2014	2015
Existing Rates			
Step 3: Revenue Proof			
15 Demand	\$4,818,952	\$4,818,952	\$5,710,458
16 Energy	\$12,373,416	\$12,373,416	\$14,662,498
17 Specifically Assigned Charges	\$498,143	\$498,143	\$590,299
18 Subtotal	\$17,690,511	\$17,690,511	\$20,963,256
19 RSP	(\$3,111,300)		
20 Total	\$14,579,211	\$17,690,511	\$24,263,020
21 % Change year over year	21.3%	18.5%	15.7%

Line 11 x Line 1, Col A
Line 12 x Line 2, Col A
Line 14
Line 15 to 17
Line 13 x Line 5, Col A
Line 18 to 19

Note (1): $((43.31 \text{ mills per kWh} / 72.08 \text{ mills per kWh})^{(1/(2012-2015))} - 1)$