

IC-NLH-132
2013 NLH General Rate Application

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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.

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 | |
|--|--|----------------------|-------------------|----------------------|---|--|
| | | | | | Existing Revenue including RSP at August 31 2013 | |
| | | | | | Proposed Test Year Revenue | Reference |
| | | | | | Units | Rate |
| | | | | | A x B | A x D |
| 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 |
| 5 | RSP | 71,800 MWh | (20.00) mills/kWh | <u>(\$1,436,000)</u> | | Line 1 to 3 |
| 6 | Total | | | \$2,151,057 | | \$0 |
| 7 | Difference between Total Proposed Test Year Revenue and Existing | | | | | \$4,689,305 Line 4 to 5 |
| 8 | mill/kWh | | | | | (\$2,538,248) Line 6, Col C less Line 6, Col E |
| 9 | Annual Required Increase | | | 29.96 | | 65.31 Line 6/Line 2, Col A |
| | | | | | | 29.7% See Note 1 |
| Step 2: Determine Annual Revenue | | | | | | |
| 10 | Amount required to achieve 29.7% increase year over year | | | | | |
| 11 | Revised Total to be paid by Teck Resources | | | | | Line 11 x (1 + Line 9, Col E) |
| Step 3: Determine Teck Resources rate effective September 1, 2013 | | | | | | |
| 12 | Revised RSP allocation required | | | | | Line 5, Col C plus Line 10, Col F |
| 13 | Teck Resources RSP Surplus Adjustment rate effective September 1, 2013 | | | | | Line 12/Line 5, Col A |
| | | | | \$ (797,996) | | |
| | | | | (11.11) mills/kWh | | |
| 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 | |
| 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 | <u>(\$1,436,000)</u> | | | | 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): $((29.96 \text{ mills per kWh}/65.31 \text{ mills per kWh})^{(1/(2012-2015))}-1$

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 | Existing Revenue | | D | E |
|--|---------------|-------------------|------------------|-----------------|---------------|----------------------------------|
| | | | 2013 Test Year | | | |
| | | | Units | Rate | Revenue | Revenue |
| 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 | | | 43.31 | | (\$9,683,809) | Line 7, Col C less Line 7, Col E |
| 9 mills/kWh | | | | | 72.08 | Line 7/Line 2, Col A |
| 10 Annual Required Increase | | | | | | 18.5% See Note 1 |
| Step 2: Calculate 3-Year (Interim) Phase-In Rate Components | | | | | | |
| 11 Demand (\$/kW/month) | 6.68 | 6.68 | 7.92 | 9.13 | | |
| 12 Energy (mills/kWh) | 36.76 | 36.76 | 43.56 | 47.82 | | |
| 13 RSP (mills/kWh) | (7.85) | | | | | |
| 14 Specifically Assigned Charges | \$498,143 | \$498,143 | \$590,299 | \$1,580,426 | | |
| Step 3: Revenue Proof | | | | | | |
| 15 Demand | \$4,818,952 | \$4,818,952 | \$5,710,458 | \$6,586,382 | | Line 11 x Line 1, Col A |
| 16 Energy | \$12,373,416 | \$12,373,416 | \$14,662,498 | \$16,096,212 | | Line 12 x Line 2, Col A |
| 17 Specifically Assigned Charges | \$498,143 | \$498,143 | \$590,299 | \$1,580,426 | | Line 14 |
| 18 Subtotal | \$17,690,511 | \$17,690,511 | \$20,963,256 | \$24,263,020 | | Line 15 to 17 |
| 19 RSP | (\$3,111,300) | | | | | Line 13 x Line 5, Col A |
| 20 Total | \$14,579,211 | \$17,690,511 | \$20,963,256 | \$24,263,020 | | Line 18 to 19 |
| 21 % Change year over year | | 21.3% | 18.5% | 15.7% | | |

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