

1 Q. Further to response to Request for Information NP-NLH-020:
2 Please reconcile the forecast return on equity for 2015 with the forecast rate of
3 return on equity of 12.6% indicated in Response to Request for Information IR-PUB-
4 NLH-032 page 2 of 2 filed in Hydro's Interim Rates Application.

5

6

7 A. Please refer to IR-PUB-NLH-032 (Rev 1) for the revised financial return on equity of
8 11.5%.

9

10 Please refer to NP-NLH-247 Attachment 1, Page 1 of 1 for the reconciliation of the
11 financial return on equity of 11.5% to NP-NLH-020.

Newfoundland and Labrador Hydro
Revenue Requirement and Return on Equity Analysis
(\$millions)

NP-NLH-247, Attachment 1
Page 1 of 1, NLH 2013 GRA

	2015	2015	
	NP-NLH-020	IR-PUB-NLH-032 (Rev 1)	Variance
1 Revenue			
2 Energy Sales	630.4	618.7	11.7 Note 1
3 Other revenue	2.4	2.4	-
4 Total revenue	<u>632.8</u>	<u>621.1</u>	<u>11.7</u>
5			
6 Expenses			
7 Operating expenses	120.1	120.1	-
8 Fuels	270.5	256.8	(13.7) Note 1
9 Power Purchases	58.7	58.7	-
10 Amortization	62.1	62.1	-
11 Accretion	0.9	0.9	-
12 Loss on disposal of PP&E	3.0	3.0	-
13 Interest	75.5	74.9	(0.6) Note 1
14 Total expenses	<u>590.8</u>	<u>576.5</u>	<u>(14.3)</u>
15			
16 Net income before cost of service exclusions	42.0	44.6	(2.6)
17 less: cost of service exclusions	-	-	-
18	<u>42.0</u>	<u>44.6</u>	<u>(2.6)</u>
19			
20 Return on regulated equity	42.0	44.6	(2.6)
21 Net interest	75.5	74.9	0.6
22 Return on rate base	<u>117.5</u>	<u>119.5</u>	<u>(2.0)</u>
23			
24 Average rate base	1,715.2	1,715.2	-
25			
26 Rate of return on rate base	6.9%	7.0%	0.0%
27			
28 Opening Retained Earnings	366.2	366.2	-
29 Net Income	42.0	44.6	(2.6)
30 Ending Retained Earnings	408.2	410.8	(2.6)
31			
32 Average Equity	387.2	388.5	(1.3)
33 Return on Equity %	10.8%	11.5%	-0.6%

Note 1: The response to NP-NLH-020 presented financial results assuming 2015 was a test year while IR-PUB-NLH-032 (Rev 1) assumed rates in 2015 are based on the 2013 Test Year. The resulting variances are due to the change in this assumption.