

1     **Q.     Assume that effective April 1, 2015 the fuel rider for Newfoundland Power is reset**  
2           **to zero and the 11.2% base rate increase for Newfoundland Power is approved,**  
3           **but no other changes proposed in the Interim Rates Application for**  
4           **Newfoundland Power are approved.**

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6           What would be the impact on customer rates and on Hydro's return for 2015 if the  
7           July 1, 2015 Rate Stabilization Plan adjustment takes place according to currently  
8           approved Rate Stabilization Plan rules? Provide any other assumptions used in this  
9           calculation, noting any that differ from the most recently filed Cost of Service.

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12     **A.     TIR-PUB-NLH-012 Attachment 1 provides the customer rate impacts of the 11.2%**  
13           **base rate increase for Newfoundland Power (NP) effective April 1, 2015 and the July**  
14           **1, 2015 NP Rate Stabilization Plan (RSP) Rate adjustment, under current rules.**

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16           The customer rate impact of the implementation of new base rates for NP effective  
17           April 1, 2015, as outlined in the 2015 Interim Rates Application, would be a (9.3%)  
18           rate decrease for NP and a (6.3%) decrease for the end consumer. The impact of  
19           the July 1, 2015 RSP Rate adjustment would be an increase of approximately 8.8%  
20           for NP and 6.0% for the end consumer. The RSP Rate adjustment was calculated  
21           assuming that under interim rates: the RSP operates based upon 2015 Test Year  
22           values; the RSP load variation balance continues to be segregated; and a new RSP  
23           fuel rider is implemented based upon a forecast fuel price of \$76.05 per barrel for  
24           the period July 1, 2015 to June 30, 2016.

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26           As explained in Hydro's response to TIR-PUB-NLH-009, Hydro has concerns with  
27           proceeding with the scheduled July 1 NP RSP adjustment based upon the use of

1        2015 Test Year values. The RSP values and balances for 2015 will be updated upon  
2        approval of final customer rates at the conclusion of the GRA. Suspension of the  
3        July 2015 NP RSP rate adjustment avoids modifying customer rates based upon  
4        interim balances. Suspension of the July 1 NP RSP rate adjustment for 2015 permits  
5        the RSP to operate on interim rates without any impact on customer rates until final  
6        rates are approved.

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8        Assuming the Board approves the 11.2% base rate increase for April 1, 2015, there  
9        would be no additional impact to Hydro's return for 2015 if the July 1, 2015 RSP  
10       Rate adjustment proceeds as it is not recorded as revenue by Hydro. Rather, the  
11       amounts are credited to the RSP (i.e., a deferral account on the balance sheet). The  
12       impact to Hydro's return of the implementation of new base rates for NP effective  
13       April 1, 2015 would be a net income shortfall of \$28 million.

NEWFOUNDLAND AND LABRADOR HYDRO  
NP Rate Increase - Jan 1, 2015  
No. 6 0.7% Sulphur Fuel

NP Total	Existing vs April 1, 2015						April 1 to July 1, 2015					
			Percent Change				Percent Change					
	2015 Billing				April 1			July 1				
	Units	Unit	Existing	\$	2015	\$	NP	Consumer	2015	\$	NP	Consumer
Demand (kW/s)	15,122,049	\$/kW/mo	4.00	60,488,196	5.50	83,171,270	37.5%		5.50	83,171,270	0.0%	
Energy (MW/s)	3,000,000	mills/kWh	32.46	97,380,000	34.11	102,330,000			34.11	102,330,000		
Energy (MW/s)	2,924,100	mills/kWh	88.05	257,467,005	94.46	276,210,486			94.46	276,210,486		
				415,335,201		461,711,756	11.2%			461,711,756	0.0%	
RSP: Current Plan	5,924,100	mills/kWh	(5.51)	(32,641,791)	(5.51)	(32,641,791)			(3.92)	(23,222,472)		
RSP: Fuel Rider	5,924,100	mills/kWh	15.26	90,401,766		-			4.80	28,435,680		
Total RSP				57,759,975	(5.51)	(32,641,791)			0.88	5,213,208		
Firm plus RSP				473,095,176		429,069,965	-9.3%	-6.3%		466,924,964	8.8%	6.0%