

- 1 Q. Reference: Interim Rate Application, Jan. 28, 2015, Evidence, Section 2. 3.2, pages 6
2 to 8
3 Lines 23 to 25 on page 6 state that “Based upon the most recent fuel forecast
4 provided by PIRA, the average fuel cost for 2015 is forecast to be \$65.63 per barrel”.
5 Using an illustrative example, please fully explain the net impact that a 1¢ to 5¢
6 (positive and negative) change from Hydro's forecasted Canadian dollar currency
7 exchange rate would have on no. 6 fuel oil revenue requirement for each of the
8 customer classes. Include all calculations in the example.
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11 A. The net impacts of changes in the Canadian dollar currency exchange rate on the
12 No. 6 fuel oil revenue requirement for each customer class are provided in Table 1
13 below, under four scenarios, +/- one cent and +/- five cents.
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Table 1
Illustrative No. 6 Fuel Revenue Requirement Impact of Changes in Exchange Rate

	Base Case	- 1¢	- 5¢	+ 1¢	+ 5¢
Fuel Price (\$Cdn/bbl)	65.63	66.16	68.55	65.09	63.03
No. 6 Fuel Revenue Requirement Impact (\$millions) ¹					
Newfoundland Power	62	60	55	63	67
Island IC	6	6	6	7	7
Hydro Rural	5	5	4	5	5
Total (\$ millions)	73	71	65	74	79
NP Rate Impact (%)	-9.3	-9.1	-7.9	-9.6	-10.5
Estimate End Consumer Rate Impact (%)	-6.3	-6.1	-5.4	-6.5	-7.1
Island IC Base Rate Impact (%)	18.1	18.5	20.3	17.7	16.1

¹ \$93.32/bbl per Hydro's Amended Application vs adjusted fuel price times 2,624,371 bbls. The estimated impact by customer class is based upon the proportion of 2015 Test Year energy generation by class as provided in Appendix B to the 2015 Interim Rates Application.