

IR-IC-NLH-006
NLH 2013 Interim Rates Application

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1 Q. Please provide detailed calculations of the Return on Rate Base values shown in
2 Table 1 of the Interim Rates submission, including the assumed revenue
3 requirement (showing each major cost item, the rate base, and the return on rate
4 base) and the precise composition of revenues, by class, for each of the 4 values.
5
6
7 A. Please refer to IR-IC-NLH-006 Attachment 1, Page 1 of 1. Please note that Hydro's
8 model used bulk rural sales rather than sales by rate class.

Newfoundland and Labrador Hydro
Financial Results and Forecasts
Revenue Requirement Analysis
(\$000s)

IR-IC-NLH-006, Attachment 1
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	2013 Test Year	Jan 1, 2014 Rate Implementation	Feb 1, 2014 Rate Implementation	Mar 1, 2014 Rate Implementation
1 Revenue				
2 Energy sales				
3 Newfoundland Power sales	453.0	475.5	465.4	456.4
4 Industrial customer sales	29.8	41.0	40.3	39.6
5 Rural sales	82.9	81.5	80.8	80.1
6 Other revenue	2.4	2.3	2.3	2.3
7 Total revenue	568.1	600.4	588.8	578.4
8				
9 Expenses				
10 Operating expenses	113.8	116.8	116.8	116.7
11 Fuels				
12 No. 6 Fuel	200.3	236.1	236.1	236.1
13 Rate stabilization plan deferral	(0.1)	(9.5)	(16.8)	(26.8)
14 Diesel and other	19.2	20.0	20.0	20.0
15 Total fuels	219.4	246.5	239.3	229.2
16 Power Purchases	58.7	59.2	59.2	59.2
17 Amortization	51.7	56.1	56.1	56.1
18 Accretion	0.8	0.8	0.8	0.8
19 Loss on disposal of PP&E	1.3	2.8	2.8	2.8
20 Interest	89.0	89.4	89.4	89.4
21 Total expenses	534.7	571.5	564.3	554.2
22				
23 Net income before cost of service exclusions	33.4	28.8	24.6	24.2
24 less: cost of service exclusions	0.0	0.2	0.2	0.2
25	33.4	29.0	24.8	24.4
26	-	-	-	-
27 Return on regulated equity	33.4	29.0	24.8	24.4
28 Net interest	89.0	89.4	89.4	89.4
29 Return on rate base	122.4	118.5	114.1	113.8
30				
31 Average rate base	1,564.1	1,625.8	1,625.5	1,625.5
32				
33 Rate of return on rate base	7.83%	7.29%	7.02%	7.00%
34				
35 Capital assets	1,633.1	1,742.0	1,742.0	1,742.0
36 less: asset retirement obligation costs	(17.3)	(15.0)	(15.0)	(15.0)
37 less: contributions in aid of construction	(22.3)	(21.9)	(21.9)	(21.9)
38 less: accumulated depreciation	(140.0)	(193.2)	(193.2)	(193.2)
39 Capital assets - current year	1,453.4	1,511.8	1,511.8	1,511.8
40 Capital assets - previous year	1,388.0	1,450.2	1,450.2	1,450.2
41 Unadjusted Capital assets - average	1,420.7	1,481.0	1,481.0	1,481.0
42 less: Average net assets not in use	(3.0)	(1.6)	(1.6)	(1.6)
43 Capital assets - average	1,417.7	1,479.4	1,479.2	1,479.2
44				
45 Cash working capital allowance	5.3	5.3 A	5.3 A	5.3 A
46 Fuel	50.9	50.9 A	50.9 A	50.9 A
47 Materials and supplies	24.7	24.7 A	24.7 A	24.7 A
48 Deferred charges	65.5	65.5 A	65.5 A	65.5 A
49				
50 Average rate base	1,564.1	1,625.8	1,625.5	1,625.5

A: Due to materiality of the balances in the calculation it was assumed that the 2013 revised balance and the 2014 balances were consistent with the 2013 proposed.