

IR-NP-NLH-042  
NLH 2013 Interim Rates Application

---

Page 1 of 1

1    Q.    Hydro is proposing "Recovery for the Deferral Account over a three-year period  
2        commencing once final rates become effective". Please provide the forecast  
3        recovery amounts and rate impacts by system and customer class assuming final  
4        rates become effective October 1, 2014.

5

6

7    A.    Please see IR-NP-NLH-042 Attachment 1.

8

9        Please note that all customers who either directly or indirectly follow  
10      Newfoundland Power Rates (Island Interconnected and Isolated Diesel Non-  
11      government rate classes) will see the same flow-through percentage impact from  
12      Newfoundland Power (found on Page 1 of 1, IR-NP-NLH-042 Attachment 1). As  
13      Hydro does not establish published rates for these customers, the impact of  
14      proposed 2013 Test Year rates would be captured by the Rural Rate Alteration as  
15      the difference between published rates set by Newfoundland Power and Hydro's  
16      final 2013 Test Year rates.

**Newfoundland and Labrador Hydro**  
**Revenue Shortfall Recovery Rate Impacts**

IR-NP-NLH-042 Attachment 1  
Page 1 of 3, NLH 2013 Interim Rates

Line No.	A	B	C	D	E	F	G	H	I	J
	2014 Existing		2014 Proposed							
	Billing Units	Unit	Billing Units	Unit	Existing Rates	\$	Proposed Rates	\$	Percent Change	Flow-through to End Consumer
1 Demand (kWs)	14,730,984	\$/kW/mo	14,730,984	\$/kW/mo	4.00	58,923,936	9.12	134,346,574		
2 Energy (MWhs)	3,000,000	mills/kWh	3,360,000	mills/kWh	32.46	97,380,000	27.86	93,609,600		
3 Energy (MWhs)	2,740,200	mills/kWh	2,380,200	mills/kWh	88.05	241,274,610	104.00	247,540,800		
4 Base Rate Revenue, Before Revenue Shortfall Deferral Recovery Adjustment:						<u>397,578,546</u>		<u>475,496,974</u>	19.6%	13.1%
5 Revenue Shortfall Deferral Recovery <sup>1</sup>			5,740,200	mills/kWh	0	0	(0.50)	(2,870,100)	-0.7%	-0.5%
6 Base Rate Revenue, Including Revenue Shortfall Recovery Adjustment:						<u>397,578,546</u>		<u>472,626,874</u>	18.9%	12.6%
7 RSP: Current Plan	5,740,200	mills/kWh	5,740,200	mills/kWh	(9.77)	(56,081,754)	(9.77)	(56,081,754)		
8 RSP: Fuel Rider	5,740,200	mills/kWh	5,740,200	mills/kWh	12.81	73,531,962	(3.59)	(20,607,318)		
9 Total RSP					3.04	<u>17,450,208</u>	(13.36)	<u>(76,689,072)</u>		
10 Base Rate Revenue, Including Revenue Shortfall Recovery Adjustment and RSP:						<u>415,028,754</u>		<u>395,937,802</u>	-4.6%	-3.1%

<sup>1</sup> **Revenue Shortfall Recovery Rate Calculation**

11 Base Rate Variance	\$	61,807,213	= Difference between revenue at existing rates and revenue at proposed rates, January 1 2014 to September 30 2014
12 Fuel Rider	\$	(70,227,247)	= NP Fuel Rider calculated at 16.34 mills/kWh January 1 2014 to September 30 2014.
13 Total:	\$	(8,420,034)	= Line 11 + Line 12
14 Annual Amortization:	\$	(2,806,678)	= Line 13 / 3
15 2013 Test Year MWhs		5,594,300	
16 Mills/kWh		(0.50)	= Line 14 / Line 15

**Newfoundland and Labrador Hydro**  
**Revenue Shortfall Recovery Rate Impacts - Labrador Interconnected**

IR-NP-NLH-042 Attachment 1  
Page 2 of 3, NLH 2013 Interim Rates

Line No.	A		B		C		D		E		F	
	2013 Test Year		2013 Test Year		Revenue	2013 Test Year		2013 Test Year		Proposed Rate	2013 Test Year	
	Revenues at Existing Rates	Revenues at Proposed Rates	Shortfall Deferral	Revenues at Proposed Rates	Revenue Recovery	Including Revenue Shortfall Deferral	Proposed Rates	Increases	Increases Including Revenue Shortfall	Deferral		
1 Domestic	\$ 10,539,517	\$ 13,275,638	\$ 309,261	\$ 13,584,899				D=B+C	E=(B-A)/A	F=(D-A)/A		
2 2.1 General Service 0-10 kW	\$ 345,523	\$ 444,040	\$ 15,543	\$ 459,583					26.0%	28.9%		
3 2.2 General Service 10-100 kW	\$ 2,092,676	\$ 2,440,610	\$ 47,075	\$ 2,487,685					28.5%	33.0%		
4 2.3 General Service 110-1000 kVa	\$ 2,948,843	\$ 3,446,781	\$ 65,340	\$ 3,512,121					16.6%	18.9%		
5 2.4 General Service over 1000 kVa	\$ 1,884,055	\$ 2,293,616	\$ 57,282	\$ 2,350,898					16.9%	19.1%		
6 4.1 Street Lights	\$ 291,185	\$ 415,895	\$ 21,912	\$ 437,807					21.7%	24.8%		
									42.8%	50.4%		

**G H**

**Annual Recovery**

**Total Deferral**

Calculation of Revenue Shortfall Deferral Recovery:			H=G/3
7 Domestic	\$ 927,782	\$ 309,261	
8 2.1 General Service 0-10 kW	\$ 46,629	\$ 15,543	
9 2.2 General Service 10-100 kW	\$ 141,226	\$ 47,075	
10 2.3 General Service 110-1000 kVa	\$ 196,021	\$ 65,340	
11 2.4 General Service over 1000 kVa	\$ 171,847	\$ 57,282	
12 4.1 Street Lights	\$ 65,735	\$ 21,912	
13 Total	<u>\$ 1,549,239</u>	<u>\$ 516,413</u>	

**Notes:**

Revenue Shortfall Deferral assumes Interim Rates are approved effective April 1 2014, and Final Rates October 1, 2014.

Assumes Revenue Shortfall Deferral has a three year recovery period.

Total Deferral is equal to the difference between 2014 revenues at current rates and 2014 revenues at proposed rates for the period of April 1, 2014 to September 30, 2014.

**Newfoundland and Labrador Hydro**  
**Revenue Shortfall Recovery Rate Impacts - Isolated Diesel Government**

IR-NP-NLH-042 Attachment 1  
Page 3 of 3, NLH 2013 Interim Rates

Line No.	A		B		C		D		E		F	
	2013 Test Year Revenues at Existing Rates	2013 Test Year Revenues at Proposed Rates	Revenue Shortfall Deferral Recovery	2013 Test Year Revenues at Proposed Rates Including Revenue Shortfall Deferral	2013 Test Year Proposed Rate	2013 Test Year Increases	2013 Test Year Proposed Rate	2013 Test Year Increases Including Revenue Shortfall Deferral				
1 Domestic Government	\$ 419,711	\$ 494,152	\$ 10,045	\$ 504,197		17.7%						20.1%
2 2.1 Government 0-10 kW	\$ 407,172	\$ 497,253	\$ 12,496	\$ 509,749		22.1%						25.2%
3 2.2 Government Over 10 kW	\$ 921,427	\$ 1,176,806	\$ 33,230	\$ 1,210,036		27.7%						31.3%
4 4.1 Government Street Lights	\$ 12,532	\$ 15,419	\$ 436	\$ 15,855		23.0%						26.5%
	G	H			D=B+C	E=(B-A)/A	F=(D-A)/A					
			Annual Recovery									
			Total Deferral									
	Calculation of Revenue Shortfall Deferral Recovery:		H=G/3									
5 Domestic Government	\$ 30,135	\$ 10,045										
6 2.1 Government 0-10 kW	\$ 37,488	\$ 12,496										
7 2.2 Government Over 10 kW	\$ 99,691	\$ 33,230										
8 4.1 Government Street Lights	\$ 1,309	\$ 436										
	<u>\$ 168,623</u>	<u>\$ 56,207</u>										

**Notes:**

Revenue Shortfall Deferral assumes Interim Rates are approved effective April 1 2014, and Final Rates October 1, 2014.

Assumes Revenue Shortfall Deferral has a three year recovery period.

Total Deferral is equal to the difference between 2014 revenues at current rates and 2014 revenues at proposed rates for the period of April 1, 2014 to September 30, 2014.