

1 Q. Assuming that, as of December 31, 2013, the Board orders that the rate changes
2 resulting from the January 1, 2014 and July 1, 2014 Rate Stabilization Plan
3 Adjustments be suspended until the final rates are established in the General Rate
4 Application, provide a forecast of the overall impact on base rates and the Rate
5 Stabilization Plan Adjustments for each Island Industrial customer and
6 Newfoundland Power if final rates are effective on July 1, 2014 and, alternatively,
7 September 1, 2014. Include a detailed explanation and rationale. For Island
8 Industrial customers address the use of the RSP Surplus to phase in any rate
9 increases from the effective date of final rates, as opposed to January 1, 2014, over
10 a three-year period.

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13 A. The overall impact on base rates and the Rate Stabilization Plan Adjustments for
14 each Industrial Customer and Newfoundland Power if final rates are not effective
15 until July 1 or September 1, 2014 are the provided in IR-PUB-NLH-018 Attachments
16 1 and 2. For each month after January 1, 2014 that final rate implementation is
17 delayed and RSP Adjustment rates suspended, the existing fuel rider rate of 16.34
18 mills/kWh would continue to be applied to NP. For IC, the estimated fuel rider rate¹
19 of 14.85 mills/kWh would be applied as owing in the RSP from the IC to Hydro.

20

21 If base rates become effective July 1, 2014, the annual RSP Adjustment would be
22 applied for NP including a current plan portion based on the March 2014 RSP
23 balance and a fuel rider using the March fuel price projection. For the IC, upon the
24 RSP no longer being suspended, the RSP Adjustment would include a current plan
25 portion based on the December 31, 2013 RSP balance and a fuel rider using the
26 March 2014 fuel price projection. In addition, there is estimated to be an amount

¹ Per October 15, 2013 letter to Board re: Rate Stabilization Fuel Price Projection – Industrial Customers

1 of \$3.8 million² which would have accumulated as a result of the suspension of the
2 fuel rider on January 1, 2014 which would have to be dealt with in some manner
3 given that the current RSP rules do not contemplate this circumstance.
4

5 In the case of NP, if base rates become effective September 1, 2014, the RSP rates
6 described previously as becoming effective July 1, 2014 would apply. For IC,
7 however, the base rates would change to those outlined for Year 2 of the phase-in
8 in Hydro's RSP Application, and the RSP described previously as becoming effective
9 July 1, 2014 would apply. In addition, there is estimated to be an amount of \$5.4
10 million which would have accumulated as a result of the suspension of the fuel rider
11 on January 1, 2014 which would have to be dealt with in some manner given that
12 the current RSP rules do not contemplate this circumstance.
13

14 It is noted that the Government directive states "effective January 1, 2014, the
15 Island industrial customers will be subject to Rate Stabilization Plan rate changes in
16 accordance with the Board of Commissioners of Public Utilities-approved
17 methodology" and the suspension of the RSP and the accumulation of such large
18 RSP amounts as described above were not contemplated as owing to Hydro from
19 the IC RSP as part of the phase-in of rates.

² Hydro's assumption on the IC fuel rider suspension is that this RSP adjustment is calculated and approved by the Board (and both NP and IC are charged fuel riders) but then suspended and the IC fuel rider amount accumulates in the RSP as owing to Hydro.

NEWFOUNDLAND AND LABRADOR HYDRO
NP Rate Increase - July 1, 2014¹
No. 6 0.7% Sulphur Fuel

IR-PUB-NLH-018, Attachment 1
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NP Total	2014 Forecast		Unit	2014		2014		Percent Increase	
	2014 Existing Billing Units	Billing Units		Forecast Jan 1 Rates	\$	Forecast July 1 Rates	\$	NP	Consumer
Demand (kW)	14,730,984	14,730,984	\$/kW/mo	4.00	58,923,936	9.12	134,346,574		
Energy (MW)	3,000,000	3,360,000	mills/kWh	32.46	97,380,000	27.86	93,609,600		
Energy (MW)	2,740,200	2,380,200	mills/kWh	88.05	241,274,610	104.00	247,540,800		
RSP: Current Plan	5,740,200	5,740,200	mills/kWh	(11.01)	(63,199,602)	(5.75)	(33,006,150)		
RSP: Fuel Rider	5,740,200	5,740,200	mills/kWh	16.34	93,794,868	(3.61)	(20,722,122)		
Total RSP				5.33	30,595,266	(9.36)	(53,728,272)		
Firm plus RSP					428,173,812		421,768,702	-1.5%	-1.00%

¹ Same rates applicable for Sept 1, 2014.

NEWFOUNDLAND AND LABRADOR HYDRO
Industrial Customer Rate Increase - July 1, 2014 and September 1, 2014

IR-PUB-NLH-018, Attachment 2
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All IC Excluding Teck

	2014 Billing		2014 Jan 1		2014 July 1		Percent Increase vs Jan 1 2014	2014 Sept 1		Percent Increase vs Jan 1 2014
	Units	Unit	Forecast	\$	Forecast ¹	\$	Forecast	Forecast ²	\$	Forecast
Demand (kW/s)	975,000	\$/kW/mo	6.68	6,513,000	6.68	6,513,000		7.92	7,722,000	
Energy (MWhs)	554,700	mills/kWh	36.76	20,390,772	36.76	20,390,772		43.56	24,162,732	
Spec. Assigned		\$	498,143	498,143	498,143	498,143		590,299	590,299	
RSP: Current Plan	554,700	mills/kWh	-	-	2.84	1,575,348		2.84	1,575,348	
RSP: Fuel Rider	554,700	mills/kWh	-	-	(3.29)	(1,824,963)		(3.29)	(1,824,963)	
Total RSP			-	-	(0.45)	(249,615)		(0.45)	(249,615)	
Firm plus RSP				<u>27,401,915</u>		<u>27,152,300</u>	-0.9%		<u>32,225,416</u>	17.6%

Teck

	2014 Billing		2014 Jan 1		2014 July 1		Percent Increase vs Jan 1 2014	2014 Sept 1		Percent Increase vs Jan 1 2014
	Units	Unit	Forecast	\$	Forecast ¹	\$	Forecast	Forecast ²	\$	Forecast
Demand (kW/s)	84,000	\$/kW/mo	6.68	561,120	6.68	561,120		7.92	665,280	
Energy (MWhs)	44,900	mills/kWh	36.76	1,650,524	36.76	1,650,524		43.56	1,955,844	
Spec. Assigned	-	\$	186,169	186,169	186,169	186,169		241,387	241,387	
RSP: Current Plan	44,900	mills/kWh	(11.11)	(498,839)	(8.27)	(371,323)		(8.27)	(371,323)	
RSP: Fuel Rider	44,900	mills/kWh	-	-	(3.29)	(147,721)		(3.29)	(147,721)	
Total RSP			(11.11)	<u>(498,839)</u>	(11.56)	<u>(519,044)</u>		(11.56)	<u>(519,044)</u>	
Firm plus RSP				<u>1,898,974</u>		<u>1,878,769</u>	-1.1%		<u>2,343,467</u>	23.4%

1) Does not factor in the impact of the Jan 1, 2014 IC RSP Adjustment suspension for Jan to June of \$3.8 million in unrecovered fuel cost:

2) Does not factor in the impact of the Jan 1, 2014 IC RSP Adjustment suspension for Jan to August of \$5.4 million in unrecovered fuel cost: