

1 Q. Complete the attached Table 3 for the 8 scenarios outlined below using information
2 filed in the **2013 General Rate Application (including the impacts of the Northern**
3 **Strategic Plan subsidy), the Interim Rates Application and 2014 Billing**
4 **Determinants**, and showing percentage changes resulting from changes in rates
5 from those previously approved by the Board, beginning with the rates in effect
6 December 31, 2013. Clearly set out any assumptions or explanations that may be
7 required.

8

9 Scenario 1:

10 i. The January 1, 2014 implementation of rates for all rate classes as proposed
11 in Hydro's 2013 General Rate Application;
12 ii. The July 1, 2014 rate change resulting from the annual Rate Stabilization
13 Plan adjustment for Newfoundland Power; and
14 iii. The September 1, 2014 rate change for Island Industrial customers resulting
15 from the phase-in of rates proposed in the July 30, 2013 application.

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17 Scenario 2:

18 i. The January 1, 2014 implementation of interim rates for all rate classes as
19 proposed in the Interim Rates Application (this application will not include
20 forecast Cost of Service rate increases for Labrador Interconnected
21 customers but will include any impacts from the flow-through of
22 Newfoundland Power rates);
23 ii. The July 1, 2014 implementation of rates for all rate classes as proposed in
24 Hydro's 2013 General Rate Application and the normal operation of the Rate
25 Stabilization Plan (note if there will be impacts other than changes to
26 Newfoundland Power rates and to rates for Rural customers impacted by
27 the flow-through of these rates); and

iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

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Scenario 3:

- i. The January 1, 2014 implementation of interim rates for the Island Industrial customer rate class as proposed in the Interim Rates Application and the continuation into 2014 of rates (including the Rate Stabilization Plan adjustment) in effect for Newfoundland Power on December 31, 2013;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

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Scenario 4:

- i. The continuation of all rates in effect on December 31, 2013 until February 1, 2014 when there will be an adjustment to rates for Island Industrial customers as proposed in the Interim Rates Application, and the continuation of rates (in effect on December 31, 2013) for Newfoundland Power until rates are finalized on July 1, 2014;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting

1 from the phase-in of rates proposed in the July 30, 2013 application.

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3 Scenario 5:

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L7 Scenario 6:

18 i. The continuation of rates in effect on December 31, 2013 until February 1,
19 2014 when there will be an adjustment to rates for Newfoundland Power
20 and for Rural rate classes as proposed in the Interim Rates Application, and
21 the continuation of rates (in effect on December 31, 2013) for Island
22 Industrial customers until rates are finalized on July 1, 2014;

23 ii. The July 1, 2014 implementation of rates for all rate classes as proposed in
24 Hydro's 2013 General Rate Application and the normal operation of the Rate
25 Stabilization Plan (note if there will be impacts other than changes to
26 Newfoundland Power rates and to rates for rural customers impacted by the
27 flow-through of these rates); and

28 iii. The September 1, 2014 rate change for Island Industrial customers resulting

1 from the phase-in of rates proposed in the July 30, 2013 application.

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Scenario 7:

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Scenario 8:

12 i. The continuation of all rates in effect on December 31, 2013 until
13 September 1, 2014 when there will be an adjustment to all rates, including
14 the Rate Stabilization Plan adjustment, as proposed in the 2013 General
15 Rate Application, including the rate adjustment for Island Industrial
16 customers resulting from the phase-in of rates proposed in the July 30, 2013
17 application.

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19

20 A. Please see Table 3 for responses. It should be noted that while Hydro completed
21 the table using NP's estimated flow-through percentage, the actual rate impact will
22 be determined based on Newfoundland Power's rate design, and will vary overall
23 from what is shown in the table.

24

25

26 Interconnected System have the same Test Year, or the RSP is rendered
27 incalculable. As a result, Hydro assumed that under each of these scenarios, rates
28 were implemented for the specified customer group, and a deferral and recovery

1 mechanism implemented for the other customer groups. Please refer to the
2 response to IR-NP-NLH-029 for details as to how the hybrid methodology of interim
3 rates for one customer group and a deferral and recovery mechanism for other
4 customers may be implemented. Additionally, Hydro assumed that in each case, the
5 RSP Test Year values were set to the 2013 Test Year as of the indicated date. As a
6 result, these scenarios produce the same rate impacts as Scenario 1, and the Return
7 on Rate Base impacts indicated in Table 1 to Hydro's Interim Rate evidence.

Analysis of Revenues and RSP at Proposed Rates

Analysis of Revenues and RSP at Proposed Rates																											
2014 Billing Determinants		January 1, 2014					July 1, 2014					SCENARIO 2					September 1, 2014										
		RSP Adjustment				RSP Adjustment				Cumulative Impact				RSP Adjustment				RSP Adjustment									
		Base Rate % Change	Current RSP % Change	RSP Surplus % Change ¹	Total % Change	Overall Rate Impact %, NSP Included	Base Rate % Change	Current RSP % Change	RSP Surplus % Change	Total % Change	Deferred 15% Rate Increase	Overall Rate Impact %, NSP Included	Cumulative Base Rate % Change	Cumulative RSP % Change	Deferred 15% Rate Increase	Cumulative Overall Rate Impact % Change	Cumulative Overall Rate Impact % Change, NSP Included	Base Rate % Change	Current RSP % Change	RSP Surplus % Change	Total % Change	Overall Rate Impact %	Cumulative Base Rate % Change	Cumulative RSP % Change	Deferred 15% Rate Increase	Cumulative Overall Rate Impact % Change	Cumulative Overall Rate Impact % Change, NSP Included
RATE CLASS																											
ISLAND INTERCONNECTED																											
Newfoundland Power (NP) wholesale rate impact		18.2%	-23.6%	0.0%	-23.6%	-5.4%			0.7%		0.7%		0.7%		18.2%	-22.9%		-4.7%				18.2%	-22.9%		-4.7%		
Estimated end consumers' rate impact		12.2%	-15.8%	0.0%	-15.8%	-3.6%			0.5%		0.5%		0.5%		12.2%	-15.3%		-3.1%				12.2%	-15.3%		-3.1%		
Estimated Rural Customers' rate impact		12.2%	-15.8%	0.0%	-15.8%	-3.6%			0.5%		1.2%		1.2%		12.2%	-14.6%		-2.4%				12.2%	-14.6%		-2.4%		
Industrial Customers (IC) ¹		34.7%	3.4%	-36.4%	-33.0%	0.0%	3.4%								34.7%	-33.0%		3.4%				0.0%	0.0%	18.6%	18.6%	18.6%	
ISLAND ISOLATED SYSTEMS																											
Domestic		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	4.2%	4.7%		12.2%	-15.3%	4.2%	1.1%				12.2%	-15.3%	4.2%	1.1%		
General Service 0 - 10 kW		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	15.3%	15.8%		12.2%	-15.3%	15.3%	12.2%				12.2%	-15.3%	15.3%	12.2%		
General Service Over 10 kW		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	16.0%	16.5%		12.2%	-15.3%	16.0%	12.9%				12.2%	-15.3%	16.0%	12.9%		
Street and Area Lighting		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	0.0%	0.5%		12.2%	-15.3%		-3.1%				12.2%	-15.3%		-3.1%		
Government Departments																											
General Service 0-10 kW		22.0%				22.0%									22.0%		22.0%					22.0%		22.0%			
General Service Over 10 kW		27.5%				27.5%									27.5%		27.5%					27.5%		27.5%			
Street and Area Lighting		16.8%				16.8%									16.8%		16.8%					16.8%		16.8%			
LABRADOR INTERCONNECTED																											
Domestic																											
General Service 0-10 kW																											
General Service 10-100 kW																											
General Service 110-1,000 kVA																											
General Service Over 1,000 kVA																											
Street and Area Lighting																											
LABRADOR ISOLATED SYSTEMS																											
Domestic		12.2%	-15.8%		-15.8%	-3.6%	-1.7%		0.5%		0.5%	4.2%	4.7%	21.4%	12.2%	-15.3%	4.2%	1.1%	21.4%			12.2%	-15.3%	4.2%	1.1%	21.4%	
General Service 0 - 10 kW		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	15.3%	15.8%		12.2%	-15.3%	15.3%	12.2%				12.2%	-15.3%	15.3%	12.2%		
General Service Over 10 kW		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	16.0%	16.5%		12.2%	-15.3%	16.0%	12.9%				12.2%	-15.3%	16.0%	12.9%		
Street and Area Lighting		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%	0.5%	0.5%		12.2%	-15.3%		-3.1%				12.2%	-15.3%		-3.1%		
Government Departments																											
Domestic		17.7%				17.7%									17.7%		17.7%					17.7%		17.7%			
General Service 0 - 10 kW		22.0%				22.0%									22.0%		22.0%					22.0%		22.0%			
General Service Over 10 kW		27.5%				27.5%									27.5%		27.5%					27.5%		27.5%			
Street and Area Lighting		16.8%				16.8%									16.8%		16.8%					16.8%		16.8%			
L'ANSE AU LOUP SYSTEM																											
Domestic		12.2%	-15.8%		-15.8%	-3.6%	-2.7%		0.5%		0.5%		0.5%	7.3%	12.2%	-15.3%		-3.1%	7.3%			12.2%	-15.3%		-3.1%	7.3%	
General Service 0 - 10 kW		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%		0.5%		12.2%	-15.3%		-3.1%				12.2%	-15.3%		-3.1%		
General Service Over 10 kW		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%		0.5%		12.2%	-15.3%		-3.1%				12.2%	-15.3%		-3.1%		
Street and Area Lighting		12.2%	-15.8%		-15.8%	-3.6%			0.5%		0.5%		0.5%		12.2%	-15.3%		-3.1%				12.2%	-15.3%		-3.1%		
RETURNS																8.12%		7.27%									
Please refer to IR-PUB-NLH-32 Table 1 for the Return on Equity using GRA Rates for 2015.																											
Please refer to IR-PUB-NLH-32 Table 1 for the Return on Equity using GRA Rates for 2015.																											

Analysis of Revenues and RSP at Proposed Rates

2014 Billing Determinants

July 1, 2014

RSP Adjustment

Base Rate % Change	Current RSP % Change ²	RSP Surplus % Change ¹	Total % Change	Deferred 15% Rate Increase	Overall Rate Impact %	Overall Rate Impact %, NSP Included
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RATE CLASS

ISLAND INTERCONNECTED

Newfoundland Power (NP) wholesale rate impact
Estimated end consumers' rate impact

Estimated Rural Customers' rate impact

Industrial Customers (IC)

18.2%	-24.6%	0.0%	-24.6%	0.0%	-6.4%	
12.2%	-16.4%	0.0%	-16.4%	0.0%	-4.3%	
12.2%	-16.4%	0.0%	-16.4%	0.0%	-4.3%	
19.5%	14.3%	-21%	-7%		14.6%	

SCENARIO 7

September 1, 2014

RSP Adjustment

Base Rate % Change	Current RSP % Change	RSP Surplus % Change	Total % Change	Deferred 15% Rate Increase	Overall Rate Impact %
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12.7	-8.2	3.3	-6.4	7	
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Cumulative Impact

Cumulative Base Rate % Change	Cumulative RSP % Change	Deferred 15% Rate Increase	Cumulative Overall Rate Impact % Change	Cumulative Overall Rate Impact % Change, NSP Included
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18.2%	-24.6%		-6.4%	
12.2%	-16.4%		-4.3%	
12.2%	-16.4%		-4.3%	
34.7%	-12.6%		22.7%	

ISLAND ISOLATED SYSTEMS

Domestic

General Service 0 - 10 kW

General Service Over 10 kW

Street and Area Lighting

Government Departments

General Service 0-10 kW

General Service Over 10 kW

Street and Area Lighting

12.2%	-16.4%		-16.4%	4.2%	-0.1%	
12.2%	-16.4%		-16.4%	15.3%	11.0%	
12.2%	-16.4%		-16.4%	16.0%	11.7%	
12.2%	-16.4%		-16.4%		-4.3%	

12.2%	-16.4%		22.0%			

12.2%	-16.4%	4.2%	-0.1%			
12.2%	-16.4%	15.3%	11.0%			
12.2%	-16.4%	16.0%	11.7%			
12.2%	-16.4%		-4.3%			
22.0%			22.0%			

LABRADOR INTERCONNECTED

Domestic

General Service 0-10 kW

General Service 10-100 kW

General Service 110-1,000 kVA

General Service Over 1,000 kVA

Street and Area Lighting

26.0%				26.0%		
28.5%				28.5%		
16.6%				16.6%		
16.9%				16.9%		
22.0%				22.0%		
42.8%				42.8%		

26.0%			26.0%			

26.0%		26.0%				
28.5%		28.5%				
16.6%		16.6%				
16.9%		16.9%				
22.0%		22.0%				
42.8%		42.8%				

LABRADOR ISOLATED SYSTEMS

Domestic

General Service 0 - 10 kW

General Service Over 10 kW

Street and Area Lighting

Government Departments

Domestic

General Service 0 - 10 kW

General Service Over 10 kW

Street and Area Lighting

12.2%	-16.4%		-16.4%	4.2%	-0.1%	18.6%
12.2%	-16.4%		-16.4%	15.3%	11.0%	
12.2%	-16.4%		-16.4%	16.0%	11.7%	
12.2%	-16.4%		-16.4%		-4.3%	

12.2%	-16.4%		17.7%			

12.2%	-16.4%	4.2%	-0.1%	18.6%		
12.2%	-16.4%	15.3%	11.0%			
12.2%	-16.4%	16.0%	11.7%			
12.2%	-16.4%		-4.3%			
17.7%		17.7%				

L'ANSE AU LOUP SYSTEM

Domestic

General Service 0 - 10 kW

General Service Over 10 kW

Street and Area Lighting

12.2%	-16.4%		-16.4%	4.2%	-0.1%	3.4%
12.2%	-16.4%		-16.4%		-4.3%	
12.2%	-16.4%		-16.4%		-4.3%	
12.2%	-16.4%		-16.4%		-4.3%	

12.2%	-16.4%		4.2%	-0.1%	3.4%	

12.2%	-16.4%	4.2%	-0.1%	3.4%		
12.2%	-16.4%	15.3%	11.0%			
12.2%	-16.4%	16.0%	11.7%			
12.2%	-16.4%		-4.3%			
12.2%	-16.4%		-4.3%			

NOTES

1) July 1 RSP Adjustment includes both a 23.6% RSP decrease for GRA Rates, and a 1% decrease associated with the annual July 1 RSP adjustment.

4.08%

6.45%

Please refer to IR-PUB-NLH-32 Table 1 for the Return on Equity using GRA Rates for 2015.

Please refer to IR-PUB-NLH-32 Table 1 for the Return on Rate Base using GRA Rates for 2015.

Analysis of Revenues and RSP at Proposed Rates

SCENARIO 8						
September 1, 2014						
RSP Adjustment						
Base Rate % Change	Current RSP % Change ²	RSP Surplus % Change ¹	Total % Change	Deferred 15% Rate Increase	Overall Rate Impact %, NSP Included	Overall Rate Impact %, NSP Included
Cumulative Base Rate % Change	Cumulative RSP % Change	Deferred 15% Rate Increase	Overall Rate Impact % Change	Cumulative Overall Rate Impact % Change, NSP Included	Cumulative Overall Rate Impact % Change, NSP Included	Cumulative Overall Rate Impact % Change, NSP Included
RATE CLASS						
ISLAND INTERCONNECTED						
Newfoundland Power (NP) wholesale rate impact ¹						
Estimated end consumers' rate impact						
Estimated Rural Customers' rate impact						
Industrial Customers (IC)						
ISLAND ISOLATED SYSTEMS						
Domestic	12.2%	-16.4%		-16.4%	4.2%	-0.1%
General Service 0 - 10 kW	12.2%	-16.4%		-16.4%	15.3%	11.0%
General Service Over 10 kW	12.2%	-16.4%		-16.4%	16.0%	11.7%
Street and Area Lighting	12.2%	-16.4%		-16.4%		-4.3%
Government Departments						
General Service 0-10 kW	22.0%				22.0%	
General Service Over 10 kW	27.5%				27.5%	
Street and Area Lighting	16.8%				16.8%	
LABRADOR INTERCONNECTED						
Domestic	26.0%				26.0%	
General Service 0-10 kW	28.5%				28.5%	
General Service 10-100 kW	16.6%				16.6%	
General Service 110-1,000 kVA	16.9%				16.9%	
General Service Over 1,000 kVA	22.0%				22.0%	
Street and Area Lighting	42.8%				42.8%	
LABRADOR ISOLATED SYSTEMS						
Domestic	12.2%	-16.4%		-16.4%	4.2%	-0.1%
General Service 0 - 10 kW	12.2%	-16.4%		-16.4%	15.3%	11.0%
General Service Over 10 kW	12.2%	-16.4%		-16.4%	16.0%	11.7%
Street and Area Lighting	12.2%	-16.4%		-16.4%		-4.3%
Government Departments						
Domestic	17.7%				17.7%	
General Service 0 - 10 kW	22.0%				22.0%	
General Service Over 10 kW	27.5%				27.5%	
Street and Area Lighting	16.8%				16.8%	
L'ANSE AU LOUP SYSTEM						
Domestic	12.2%	-16.4%		-16.4%		-4.3%
General Service 0 - 10 kW	12.2%	-16.4%		-16.4%		-4.3%
General Service Over 10 kW	12.2%	-16.4%		-16.4%		-4.3%
Street and Area Lighting	12.2%	-16.4%		-16.4%		-4.3%
RETURNS						
Return on Equity 2014					3.14%	
Return on Rate Base 2014					6.26%	
Return on Equity 2015					Please refer to IR-PUB-NLH-32 Attachment 1 for the Return on Equity using GRA Rates for 2015.	
Return on Rate Base 2015					Please refer to IR-PUB-NLH-32 Attachment 1 for the Return on Rate Base using GRA Rates for 2015.	

NOTE

1) July 1 RSP Adjustment includes both a 23.6% RSP decrease for GRA Rates, and a 1% decrease associated with the annual July 1 RSP adjustment.