

1 **Q. According to Exhibits 9 and 10, Newfoundland Power is seeking an increase in**
2 **revenue in rates of \$27.8 million in 2012 and \$34.2 million in 2014 relative to the**
3 **revenue from existing rates. Please provide a breakdown of the proposed increase**
4 **in revenue from rates in the format used in reply to CA-NP-66 in Newfoundland**
5 **Power's 2010 GRA.**

6
7 A. Attachment A shows the breakdown of the proposed revenue increase for 2013 and 2014.

Components of 2013 and 2014 Proposed Revenue Increase

**Components of 2013 Proposed Revenue Increase
(\$000s)**

	<u>Existing Forecast</u>				
	<u>Excluding Elasticity</u>	<u>Elasticity Effects¹</u>	<u>Including Elasticity</u>	<u>Changes</u>	<u>Proposed</u>
Return on Rate Base²	67,448	405	67,853	11,491	79,344
Other Costs					
Power Supply Costs ³	393,026	(2,769)	390,257	-	390,257
Operating Costs ⁴	56,244	-	56,244	(2,603)	53,641
Employee Future Benefit Costs ⁵	23,175	-	23,175	(525)	22,650
Amortization of Deferred Recoveries ⁶	-	-	-	1,712	1,712
Depreciation ⁷	45,942	-	45,942	705	46,647
Income Taxes ⁸	13,102	166	13,268	5,093	18,361
2014 Revenue Requirement	598,937	(2,198)	596,739	15,873	612,612
Deductions					
Other Revenue ⁹	(5,430)	-	(5,430)	267	(5,163)
Interest on Security Deposits ¹⁰	12	-	12	-	12
Amortization of Weather Normalization Reserve ¹¹	-	-	-	(2,335)	(2,335)
Energy Supply Cost Variance Adjustments ¹²	(14,393)	-	(14,393)	10,896	(3,497)
Transfers to the RSA ¹²	(5,393)	-	(5,393)	5,315	(78)
	(25,204)	-	(25,204)	14,143	(11,061)
2014 Revenue Requirement from Rates	573,733	(2,198)	571,535	30,016	601,551
RSA ¹³	101,683	(433)	101,250	258	101,508
MTA ¹⁴	15,710	(61)	15,649	694	16,343
Billed To Customers	691,126	(2,692)	688,434	30,968	719,402

¹ See Volume 2, Exhibits and Supporting Materials, Exhibit 11, page 1 of 2, column D.

² See Volume 2, Exhibits and Supporting Materials, Exhibit 10, page 1 of 2, line 29.

³ See Volume 2, Exhibits and Supporting Materials, Exhibit 9, page 1 of 2, line 2.

⁴ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-3.

⁵ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-4.

⁶ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-5.

⁷ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-6.

⁸ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-7.

⁹ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-9.

¹⁰ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-9.

¹¹ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-9.

¹² See Volume 1, Application and Company Evidence, Section 3.2.1 Revenue, Table 3-1 and Section 4.3.2 Costs and Depreciation, Table 4-9.

¹³ See Volume 2, Exhibits and Supporting Materials, Exhibit 11, page 1 of 2, line 3.

¹⁴ See Volume 2, Exhibits and Supporting Materials, Exhibit 11, page 1 of 2, line 5.

**Components of 2014 Proposed Revenue Increase
(\$000s)**

	Existing Forecast			Changes	Proposed	Rate Change (%)
	Excluding Elasticity	Elasticity Effects¹	Including Elasticity			
Return on Rate Base²	66,585	672	67,257	14,581	81,838	2.09
Other Costs						
Power Supply Costs ³	405,129	(7,272)	397,857	-	397,857	0.00
Operating Costs ⁴	58,903	-	58,903	(3,497)	55,406	-0.50
Employee Future Benefit Costs ⁵	22,631	-	22,631	(573)	22,058	-0.08
Amortization of Deferred Recoveries ⁶	-	-	-	2,750	2,750	0.39
Depreciation ⁷	47,561	-	47,561	730	48,291	0.10
Income Taxes ⁸	12,328	274	12,602	6,138	18,740	0.88
2014 Revenue Requirement	613,137	(6,326)	606,811	20,129	626,940	
Deductions						
Other Revenue ⁹	(5,340)	-	(5,340)	93	(5,247)	0.01
Interest on Security Deposits ¹⁰	12	-	12	-	12	0.00
Amortization of Weather Normalization Reserve ¹¹	-	-	-	(2,335)	(2,335)	-0.34
Energy Supply Cost Variance Adjustments ¹²	(18,310)	-	(18,310)	18,310	-	2.63
Transfers to the RSA ¹²	(4,860)	-	(4,860)	4,336	(524)	0.62
	(28,498)	-	(28,498)	20,404	(8,094)	
2014 Revenue Requirement from Rates	584,639	(6,326)	578,313	40,533	618,846	
RSA ¹³	103,753	(1,243)	102,510	291	102,801	0.04
MTA ¹⁴	16,010	(174)	15,836	950	16,786	0.14
Billed To Customers	704,402	(7,743)	696,659	41,774	738,433	6.00

¹ See Volume 2, Exhibits and Supporting Materials, Exhibit 11, page 2 of 2, column D.

² See Volume 2, Exhibits and Supporting Materials, Exhibit 10, page 2 of 2, line 29.

The return on rate base is the sum of the return on debt, preferred equity and common equity. The rate change percentage attributable to the increase in return on common equity from current rates which reflect an 8.38% ROE to a proposed 10.40% ROE is approximately 1.8%.

³ See Volume 2, Exhibits and Supporting Materials, Exhibit 9, page 2 of 2, line 2.

⁴ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-3.

⁵ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-4.

⁶ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-5.

⁷ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-6.

⁸ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-7.

⁹ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-9.

¹⁰ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-9.

¹¹ See Volume 1, Application and Company Evidence, Section 4.3.2 Costs and Depreciation, Table 4-9.

¹² See Volume 1, Application and Company Evidence, Section 3.2.1 Revenue, Table 3-1 and Section 4.3.2 Costs and Depreciation, Table 4-9.

¹³ See Volume 2, Exhibits and Supporting Materials, Exhibit 11, page 2 of 2, line 3.

¹⁴ See Volume 2, Exhibits and Supporting Materials, Exhibit 11, page 2 of 2, line 5.