

1    Q.    Please provide a detailed calculation and explanation of the \$2,700,000 that has  
2           been identified as Interest During Construction that will be capitalized in 2012 as a  
3           result of the implementation of IFRS.

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6    A.    The \$2.7 million has now been revised to \$2.4 million to reflect a more detailed  
7           review. The related amendment to the CBA was filed on September 15, 2011.  
8           Interest During Construction (IDC) is calculated on each project based on the  
9           accumulated cash flows using the same rules and calculation methods that applied  
10          using AFUDC as noted in the response to PUB-NLH-140 but with a different rate  
11          than AFUDC. An IDC rate of 8.2% has been used based upon the forecast interest  
12          rate for capital expenditures. The total estimated 2012 IDC cost by project is also  
13          included in the table attached in PUB-NLH-140.

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15          Page 2 of 2 illustrates the detailed calculation of AFUDC. Due to the number of  
16          projects, detailed calculation for all projects was not available to file with this  
17          response.

Newfoundland and Labrador Hydro  
2012 Capital Budget Application  
Calculation of IDC  
Upgrade Burnt Dam Spillway Proposal

	A	B	C	E	F
	Forecast Monthly Cash Flow Expenditures (\$000)	Forecast Accumulated Cash Flow Expenditures on which IDC is calculated (Note 1) (\$000)	IDC (.66% * Col E) (Note 2) (\$000)	Forecast Accumulated Cash Flow Expenditures including IDC (Col B + Col C) (\$000)	Total Project Cost (\$000)
2012 Jan	6.2	6.2	-	6.2	6.2
Feb	12.5	12.5	0.1	18.8	18.8
Mar	12.6	25.1	0.2	31.6	31.6
Apr	150.3	106.8	0.7	182.6	182.6
May	166.9	266.1	1.8	351.3	351.3
Jun	192.5	447.6	2.9	546.7	546.7
Jul	197.1	645.3	4.3	748.1	748.1
Aug	197.9	847.1	5.6	951.6	951.6
Sep	200.2	1,051.7	6.9	1,158.7	1,158.7
Oct	163.5	1,240.5	8.2	1,330.4	1,330.4
Nov	114.7	1,387.8	9.1	1,454.2	1,454.2
Dec	6.4	1,457.4	9.6	1,470.2	1,470.2
Total	1,420.8		49.4		1,470.2
December Consulting					78.4
December Escalation					7.5
December Contingency					146.9
Total Annual Expenditures					1,703.00

Note 1: Calculated as the prior month total accumulated expenditures (ColE) plus one-half the current month expenditures (Col A)  
Note 2: IDC Rate of 8.2%, .66% compounded monthly, result rounded to one decimal place 0.66%  
Note 2: AFUDC Rate of 7.53%, .61% compounded monthly, result rounded to one decimal place