

U-45 (Rev 1, Nov 16, 2015): Island Industrial Customer ("IIC") Phase-In Rate Impacts

On October 28, 2015 Hydro filed a 2016 Interim Industrial Rates Application (the "Application"). The Application proposes implementation of the 2015 Test Year base rate demand and energy charges to the Island Industrial Customers (IIC) reflecting a No. 6 fuel cost of \$64.41 per barrel (\$Cdn) effective January 1, 2016. The Application also proposed: (i) to revise the RSP Surplus (demand and energy) Adjustments for the period January 1, 2016 to August 31, 2016 to offset the billing impacts of the proposed increase in base rates, (ii) to revise the RSP rules to provide for the transfer of any remaining balance in the IIC RSP Surplus at August 31, 2016 to the IIC RSP current balance, and (iii) no change to specifically assigned charges.

Hydro anticipates final approval of 2015 Test Year rates to become effective by mid-2016. Board approval of final IIC rates in 2016 combined with the phase-out of the IIC RSP Surplus Adjustments will conclude the phase-in of IIC rates.

U-45 Attachment 1 provides a summary of the pro-forma forecast IIC rate impacts for both January 1, 2016 and September 1, 2016. Hydro notes that the forecast September 1, 2016 rate impact could vary depending on the final GRA Board Order regarding the methodology approved for determining specifically assigned charges, i.e. the \$1,690,896 initially proposed in the Amended GRA versus the \$1,136,686 per the recommended alternate methodology as outlined in Undertaking 45-1.

**Newfoundland and Labrador Hydro
Island Industrial Rate Phase-in**

Total IIC including Specifically Assigned Charges as Filed in Amended Application

	2015 Billing		July 1 2015		Jan 1 2016		Percent Increase vs		Sept 1 2016		Percent Increase vs	
	Units	Unit	Existing	\$	Proposed	\$	July 2015	Proposed	\$	Jan 1 2016		
Demand (kW/s)	1,064,800	\$/kW/mo	7.35	7,826,280	8.38	8,923,024		8.38	8,923,024			
Energy (MWh/s)	621,400	mills/kWh	40.44	25,129,416	40.69	25,284,766		40.69	25,284,766			
Spec. Assigned		\$	684,312	684,312	684,312	684,312		1,690,896	1,690,896			
				33,640,008		34,892,102	3.7%		35,898,686			2.9%
RSP: Teck Rate	20,400	mills/kWh	(11.41)	(232,764)	(11.41)	(232,764)						
RSP: Fuel Rider	621,400	mills/kWh										
RSP Surplus Adj - Demand	1,064,800	\$/kW	(0.49)	(521,752)	(1.52)	(1,618,496)						
RSP Surplus Adj - Energy	621,400	mills/kWh	(2.69)	(1,671,566)	(2.94)	(1,826,916)						
Total RSP				(2,426,082)		(3,678,176)						
Firm plus RSP				31,213,926		31,213,926	0.0%		35,898,686			15.0%

**Newfoundland and Labrador Hydro
Island Industrial Rate Phase-in**

Total IIC including Specifically Assigned Charges per Alternate Method

	2015 Billing		July 1 2015		Jan 1 2016		Percent Increase vs		Sept 1 2016		Percent Increase vs	
	Units	Unit	Existing	\$	Proposed	\$	July 2015	Proposed	\$	Jan 1 2016		
Demand (kW/s)	1,064,800	\$/kW/mo	7.35	7,826,280	8.38	8,923,024		8.38	8,923,024			
Energy (MWh/s)	621,400	mills/kWh	40.44	25,129,416	40.69	25,284,766		40.69	25,284,766			
Spec. Assigned		\$	684,312	684,312	684,312	684,312		1,136,686	1,136,686			
				33,640,008		34,892,102	3.7%		35,344,476			1.3%
RSP: Teck Rate	20,400	mills/kWh	(11.41)	(232,764)	(11.41)	(232,764)						
RSP: Fuel Rider	621,400	mills/kWh										
RSP Surplus Adj - Demand	1,064,800	\$/kW	(0.49)	(521,752)	(1.52)	(1,618,496)						
RSP Surplus Adj - Energy	621,400	mills/kWh	(2.69)	(1,671,566)	(2.94)	(1,826,916)						
Total RSP				(2,426,082)		(3,678,176)						
Firm plus RSP				31,213,926		31,213,926	0.0%		35,344,476			13.2%