

1 Q. With reference to the responses made by Hydro to all Requests for Information  
2 directed to Hydro in the 2009 RSP Application, please, for the purpose of  
3 incorporating those responses into the record for this Application, provide  
4 responses to each of those Requests for Information as if set out here for Hydro's  
5 response today. In the cases where there would be no change between Hydro's  
6 response in the 2009 RSP Application to an RFI made in that Application and  
7 Hydro's response to the same RFI in the present Application, Hydro's confirmation  
8 of this would be sufficient. In the cases where there would be a change between  
9 Hydro's response in the 2009 RSP Application to an RFI made in that Application  
10 and Hydro's response to the same RFI in the present Application, whether due to  
11 the need to bring the response up to date or for other reasons, please provide  
12 Hydro's changed response to that RFI, and clearly identify the change in the  
13 response.

14  
15  
16 A. Please see the attachment for a copy of the responses to the Requests for  
17 Information directed to Hydro in the 2009 RSP Application.

18  
19 The request to update and/or confirm the response to those RFIs is too broad and  
20 unfocused, and Hydro submits that such a general update is not required for an  
21 understanding of the issues before the Board at this time.

# **IC-NLH-22 Attachment 1**

**Hydro's 2009 RSP Application**

**- Requests for Information**

A. Monthly actual and forecast oil prices for fuel burned at Holyrood for the period January 2007 through December 2012 inclusive, including the marginal cost of production at Holyrood based on these oil prices for the same period, are shown in the table below.

<sup>1</sup> Assumes a Holyrood Operating Efficiency of 630 kWh/barrel.

1 Q. What percentage of the time is Holyrood expected to be the marginal plant in 2009  
2 through 2012 in light of the decrease in Industrial Customer demand?  
3  
4

5 A. With current high reservoir storage conditions and with normal inflows, the  
6 Holyrood plant is not required to operate for energy supply but for demand  
7 purposes only. At current reservoir levels and with the Holyrood plant operating at  
8 minimum output level, there is more renewable energy available than load. This is  
9 expected to continue until at least 2010. However, once reservoir levels fall  
10 sufficiently to reduce the risk of spillage, most, if not all, of the marginal energy  
11 requirements, regardless of the time of year will be supplied by Holyrood.  
12

13 The demand drivers for Holyrood unit operation and output levels are the Avalon  
14 Peninsula transmission loading and total system demand. In light of these demand  
15 requirements, the Holyrood Plant is forecast to be shutdown for the months of July,  
16 August and September with single unit operation in May, June and October. The  
17 reductions in Industrial Customer demand in 2009 will have a limited effect on the  
18 Holyrood Plant operating time because of the Avalon Peninsula transmission  
19 constraints and total system peak loads that are still well above what can be  
20 supplied by hydroelectric units only.  
21

22 Hydro is presently reviewing measures to address the Avalon Peninsula  
23 transmission constraints and the impact on Holyrood operation.

**RSP Components to be charged to Industrial Customers**

---

- 1 Q. Please provide for the period 2007 through 2012 the current and forecast cost of  
2 supply to the Industrial Customers and Hydro's other customers based on:  
3 (a) Embedded cost of service; and  
4 (b) Marginal cost of service.  
5  
6  
7 A. The embedded and marginal energy costs for 2007 through 2012 are provided in  
8 the attached schedules.

**NEWFOUNDLAND & LABRADOR HYDRO**  
**Island Interconnected Embedded Energy Cost (2007-2012)**

CA-NLH-3  
Page 2 of 3

	2007 actual	2008 actual	2009 forecast	2010 forecast	2011 forecast	2012 forecast
<b>Energy Sales kWh</b>						
Newfoundland Power (incl Secondary)	4,990,718,593	4,959,752,852	5,134,090,199	5,287,300,000	5,395,500,000	5,547,800,000
Industrial customers (incl non-firm)	785,180,567	695,328,513	418,194,458	558,900,000	578,900,000	802,600,000
Rural Bulk (island)	400,018,423	411,682,211	412,397,596	412,800,000	416,500,000	424,200,000
Total Energy Sales kWh	6,175,917,583	6,066,763,576	5,964,682,253	6,259,000,000	6,390,900,000	6,774,600,000
<b>Energy Costs \$</b>						
2007 Forecast Energy Costs						
excluding No. 6 Fuel	91,039,296	91,039,296	91,039,296	91,039,296	91,039,296	91,039,296
No. 6 Fuel Cost	107,369,079	123,753,782	81,119,674	158,579,433	197,188,664	232,385,149
Total Energy Costs \$	198,408,375	214,793,078	172,158,970	249,618,729	288,227,960	323,424,445
<b>Energy cost/ Energy Sales \$/kWh</b>	<b>0.03213</b>	<b>0.03540</b>	<b>0.02886</b>	<b>0.03988</b>	<b>0.04510</b>	<b>0.04774</b>

**Notes:**

1. Energy sales for 2007 and 2008 based on actual energy sales.
2. Energy sales for 2009-2012 based on the load forecast dated May 21, 2009.
3. No. 6 Fuel Costs for 2007 and 2008 based on actual Hydro fuel consumption costs.
4. No. 6 Fuel Costs for 2009-2012 based on the Thermal Fuel price forecast for 0.7% sulphur fuel, June 10, 2009.
5. 2007 Forecast Energy Costs excluding No. 6 Fuel based on the 2007 Test Year Cost of Service, as Cost of Service Studies are not available for all subsequent years.

**NEWFOUNDLAND & LABRADOR HYDRO**  
**Island Interconnected Marginal Energy Cost (2007-2012)**

CA-NLH-3  
Page 3 of 3

(Dollars per kWh)

2007	\$0.083
2008	\$0.112
2009	\$0.096
2010	\$0.115
2011	\$0.138
2012	\$0.137

- Notes:
1. Marginal cost based on NERA Economic Consulting marginal cost model.
  2. Costs for 2007 and 2008 based on actual NLH fuel consumption costs.
  3. Costs for 2009-2012 based on Nalcor Energy\NLH Thermal Fuel price forecast for 0.7% sulphur fuel, June 10, 2009.

1 Q. Please provide the forecast average rates (cents/kWh) for the ICs and  
2 Newfoundland Power for the period 2009 through 2012 both with and without the  
3 RSP assuming the load variation component of the RSP is allowed to accumulate.  
4 Please provide the RSP data with the load variation component shown separately.  
5  
6

7 A. The table below contains the forecast average rates (cents/kWh) for the ICs and  
8 Newfoundland Power for the period 2009 through 2012 both with and without the  
9 RSP assuming the load variation component of the RSP is allowed to accumulate to  
10 the customer class. The calculations assume the following:

- 11 • Industrial RSP rate change effective January 1, 2008 and 2009 such that the  
12 rates are those that would have resulted had interim rates not been  
13 implemented on those dates and had the approved methodology been  
14 used. These rates are provided in PUB-NLH-3.
- 15 • Effective January 1, 2008 Teck Resources Limited has the same RSP rate as  
16 the other Industrial Customers.
- 17 • The next Test Year will occur in 2011.
- 18 • The Corner Brook Pulp and Paper load is not reduced after 2009 for the  
19 most recent load decrease, as forecast information is not yet prepared.

RSP Components to be charged to Industrial Customers

Page 2 of 2

Forecast Average Rates (cents/kWh)						
	Newfoundland Power			Industrial Customers		
	July-January			January - December		
	Excluding RSP	Including RSP	Including RSP	Excluding RSP	Including RSP	Including RSP
		Load Variation Only <sup>(2)</sup>	Total RSP Balance		Load Variation Only <sup>(2)</sup>	Total RSP Balance
2009	6.6102	0.0304	6.6542	5.4280	3.8385	5.6190
2010	6.6503	-0.2264	6.8533	4.8148	-37.8713	-3.9672
2011 <sup>(1)</sup>	7.3930	-	6.7480	5.6670	-	-3.7230
2012 <sup>(1)</sup>	7.5000	-	7.5990	5.6670	-	6.1970

<sup>(1)</sup> Detailed rate design is not available for 2011 and 2012. There would be no load variation forecast for 2011, if it is assumed to be a test year. The 2012 forecast load variation kWhs are:

Vale Inco:

2011 Test Year	39,000,000
2012	258,000,000

<sup>(2)</sup> The rate for the load variation only component was calculated based on the ratio of the load variation component to the total class RSP balance.

**IC-NLH-22, Attachment 1, Page 8 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-09**

**Attachment 1**  
**CA-NLH-4**  
**Page 1 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	<b>(A + B + C)</b>						
Opening Balance							(10,329,892)
January	(126,762)	(991,801)	(260,611)	(1,379,174)	(62,677)	(4,783,922)	(16,555,665)
February	(25,647)	(1,732,384)	(319,568)	(2,077,599)	(100,451)	(4,063,628)	(22,797,343)
March	(519)	(1,669,221)	(207,444)	(1,877,184)	(138,323)	(4,151,502)	(28,964,352)
April	(51)	(1,352,269)	(192,147)	(1,544,467)	(175,741)	(3,171,882)	(33,856,443)
May	(19,600)	(518,005)	(160,450)	(698,055)	(205,424)	(2,631,329)	(37,391,250)
June	(41,935)	(197,632)	(142,567)	(382,134)	(226,871)	(2,288,432)	(40,288,687)
July	(11,840)	(28,567)	(152,361)	(192,768)	(244,452)	(132,440)	(40,858,347)
August	(20,253)	(26,493)	(152,361)	(199,107)	(247,908)	(132,000)	(41,437,362)
September	(16,358)	(26,374)	(152,361)	(195,093)	(251,421)	(135,608)	(42,019,484)
October	(21,847)	(650,176)	(152,361)	(824,384)	(254,953)	(165,132)	(43,263,953)
November	(14,034)	544,037	(152,361)	377,642	(262,504)	(197,560)	(43,346,375)
December	127,531	1,403,689	(152,361)	1,378,859	(263,004)	(249,348)	(42,479,868)
Year to date	(171,316)	(5,245,196)	(2,196,953)	(7,613,465)	(2,433,729)	(22,102,783)	(32,149,976)
Hydraulic allocation							(4,231,806)
Total	(171,316)	(5,245,196)	(2,196,953)	(7,613,465)	(2,433,729)	(22,102,783)	(46,711,674)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.9012.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 9 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-09**

**Attachment 1**  
**CA-NLH-4**  
**Page 2 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			(\$)
Opening Balance						(8,464,900)
January	(1,361,201)	(127,286)	(1,488,487)	(51,361)	(96,736)	(10,101,484)
February	(1,401,471)	(217,286)	(1,618,757)	(61,291)	(82,004)	(11,863,535)
March	(1,809,433)	(200,529)	(2,009,962)	(71,982)	(78,900)	(14,024,379)
April	(2,936,566)	(125,496)	(3,062,062)	(85,093)	(35,002)	(17,206,536)
May	(2,543,731)	(19,529)	(2,563,260)	(104,401)	(37,985)	(19,912,181)
June	(2,176,693)	9,987	(2,166,706)	(120,817)	(57,360)	(22,257,065)
July	(2,158,372)	28,546	(2,129,826)	(135,045)	(65,131)	(24,587,067)
August	(2,183,238)	26,439	(2,156,799)	(149,182)	(64,940)	(26,957,988)
September	(2,004,202)	26,413	(1,977,789)	(163,568)	(62,457)	(29,161,802)
October	(1,968,805)	(23,440)	(1,992,245)	(176,939)	(66,659)	(31,397,645)
November	(1,983,758)	93,100	(1,890,658)	(190,505)	(65,513)	(33,544,321)
December	(2,183,387)	138,372	(2,045,015)	(203,530)	(65,513)	(35,858,379)
Year to date	(24,710,857)	(390,709)	(25,101,566)	(1,513,714)	(778,199)	(27,393,479)
Hydraulic allocation						(315,222)
Balance of historic plan						0
Total	(24,710,857)	(390,709)	(25,101,566)	(1,513,714)	(778,199)	(36,173,601)

**IC-NLH-22, Attachment 1, Page 10 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-10**

**Attachment 1**  
**CA-NLH-4**  
**Page 3 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				(A + B + C)			(\$)
Opening Balance							(46,711,674)
January	(88,833)	5,619,938	(879,379)	4,651,726	(283,423)	(271,832)	(42,615,203)
February	(43,431)	5,201,290	(846,220)	4,311,639	(258,568)	(244,420)	(38,806,552)
March	(734)	5,659,130	(793,205)	4,865,191	(235,459)	(248,556)	(34,425,376)
April	(392)	3,576,726	(725,594)	2,850,740	(208,876)	(198,308)	(31,981,820)
May	(451)	1,795,808	(688,314)	1,107,043	(194,050)	(168,696)	(31,237,523)
June	(34,119)	1,240,425	(643,616)	562,690	(189,534)	(140,932)	(31,005,299)
July	(14,489)	(50,495)	(495,450)	(560,434)	(188,125)	(2,391,330)	(34,145,188)
August	(21,967)	(50,749)	(498,270)	(570,986)	(207,176)	(2,378,690)	(37,302,040)
September	(19,630)	(44,600)	(490,275)	(554,505)	(226,330)	(2,451,370)	(40,534,245)
October	(26,477)	1,902,146	(527,791)	1,347,878	(245,942)	(2,990,150)	(42,422,459)
November	(23,873)	3,812,413	(580,896)	3,207,644	(257,398)	(3,600,820)	(43,073,033)
December	151,478	4,565,446	(688,588)	4,028,336	(261,346)	(4,510,900)	(43,816,943)
Year to date	(122,918)	33,227,478	(7,857,598)	25,246,962	(2,756,227)	(19,596,004)	2,894,731
Hydraulic allocation							1,817,031
Total	(122,918)	33,227,478	(7,857,598)	25,246,962	(2,756,227)	(19,596,004)	(41,999,912)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.9012.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 11 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-10**

**Attachment 1**  
**CA-NLH-4**  
**Page 4 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
Opening Balance						(36,173,601)
January	(1,461,957)	418,085	(1,043,872)	(219,483)	4,238,892	(33,198,064)
February	(1,358,063)	386,239	(971,824)	(201,429)	3,820,236	(30,551,081)
March	(1,430,482)	440,087	(990,395)	(185,369)	4,247,614	(27,479,231)
April	(1,492,008)	364,769	(1,127,239)	(166,730)	4,055,730	(24,717,470)
May	(1,102,343)	244,321	(858,022)	(149,973)	4,186,560	(21,538,905)
June	(1,362,659)	166,567	(1,196,092)	(130,687)	4,047,008	(18,818,676)
July	(1,486,989)	50,706	(1,436,283)	(114,182)	4,151,672	(16,217,469)
August	(1,506,882)	51,448	(1,455,434)	(98,399)	4,151,672	(13,619,630)
September	(1,402,444)	44,777	(1,357,667)	(82,637)	3,907,456	(11,152,478)
October	(1,295,923)	237,987	(1,057,936)	(67,668)	4,221,448	(8,056,634)
November	(1,385,640)	427,000	(958,640)	(48,884)	4,038,286	(5,025,872)
December	(1,478,335)	522,017	(956,318)	(30,494)	4,073,174	(1,939,510)
Year to date	(16,763,725)	3,354,003	(13,409,722)	(1,495,935)	49,139,748	34,234,091
Hydraulic allocation						183,412
Balance of historic plan						0
Total	(16,763,725)	3,354,003	(13,409,722)	(1,495,935)	49,139,748	(1,756,098)

**IC-NLH-22, Attachment 1, Page 12 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-11**

**Attachment 1**  
**CA-NLH-4**  
**Page 5 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	<b>(A + B + C)</b>						
Opening Balance							(41,999,912)
January	(109,285)	9,908,239	(152,361)	9,646,593	(254,834)	(4,958,830)	(37,566,983)
February	(55,554)	9,391,430	(152,361)	9,183,515	(227,938)	(4,469,820)	(33,081,226)
March	(907)	10,376,167	(152,361)	10,222,899	(200,720)	(4,537,760)	(27,596,807)
April	(568)	6,703,308	(152,361)	6,550,379	(167,444)	(3,636,370)	(24,850,242)
May	(553)	3,599,728	(152,361)	3,446,814	(150,779)	(3,073,100)	(24,627,307)
June	(42,687)	2,449,726	(152,361)	2,254,678	(149,426)	(2,573,820)	(25,095,875)
July	(21,655)	(23,232)	(152,361)	(197,248)	(152,269)	(2,679,656)	(28,125,048)
August	(28,978)	(30,010)	(152,361)	(211,349)	(170,649)	(2,664,832)	(31,171,878)
September	(26,797)	(29,169)	(152,361)	(208,327)	(189,135)	(2,745,928)	(34,315,268)
October	(35,013)	3,616,622	(152,361)	3,429,248	(208,208)	(3,351,968)	(34,446,196)
November	(35,158)	7,225,275	(152,361)	7,037,756	(209,002)	(4,042,592)	(31,660,034)
December	204,941	9,720,360	(152,361)	9,772,940	(192,097)	(5,062,832)	(27,142,023)
Year to date	(152,214)	62,908,444	(1,828,332)	60,927,898	(2,272,501)	(43,797,508)	14,857,889
Hydraulic allocation							5,146,956
Total	(152,214)	62,908,444	(1,828,332)	60,927,898	(2,272,501)	(43,797,508)	(21,995,067)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.9012.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 13 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-11**

**Attachment 1**  
**CA-NLH-4**  
**Page 6 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			(\$)
Opening Balance						(1,756,098)
January	(1,461,957)	998,326	(463,631)	(10,655)	157,464	(2,072,920)
February	(1,358,063)	942,585	(415,478)	(12,577)	141,912	(2,359,063)
March	(1,430,482)	1,038,259	(392,223)	(14,314)	157,788	(2,607,812)
April	(1,461,245)	670,421	(790,824)	(15,823)	152,604	(3,261,855)
May	(1,374,083)	319,296	(1,054,787)	(19,791)	138,348	(4,198,085)
June	(1,690,890)	189,242	(1,501,648)	(25,472)	128,952	(5,596,253)
July	(1,293,034)	23,468	(1,269,566)	(33,955)	166,860	(6,732,914)
August	(1,263,194)	30,372	(1,232,822)	(40,852)	170,100	(7,836,488)
September	(1,163,730)	29,529	(1,134,201)	(47,548)	160,704	(8,857,533)
October	(1,001,848)	405,190	(596,658)	(53,743)	175,932	(9,332,002)
November	(1,086,581)	779,153	(307,428)	(56,622)	169,452	(9,526,600)
December	(1,125,809)	1,049,096	(76,713)	(57,803)	171,396	(9,489,720)
Year to date	(15,710,916)	6,474,937	(9,235,979)	(389,155)	1,891,512	(7,733,622)
Hydraulic allocation						529,757
Balance of historic plan						0
Total	(15,710,916)	6,474,937	(9,235,979)	(389,155)	1,891,512	(8,959,963)

Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Summary of Utility Customer  
Dec-12

Attachment 1  
CA-NLH-4  
Page 7 of 8

	A	B	C	D	E	F	G
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(A + B + C)						
Opening Balance							(21,995,067)
January	(193,985)	13,251,432	(152,361)	12,905,086	(133,455)	(5,831,064)	(15,054,500)
February	(113,461)	11,765,227	(152,361)	11,499,405	(91,343)	(5,362,800)	(9,009,238)
March	(1,497)	12,736,895	(152,361)	12,583,037	(54,664)	(5,290,424)	(1,771,289)
April	(1,037)	8,211,926	(152,361)	8,058,528	(10,747)	(4,237,920)	2,038,572
May	(957)	4,155,898	(152,361)	4,002,580	12,369	(3,584,792)	2,468,729
June	(55,151)	2,731,578	(152,361)	2,524,066	14,979	(2,910,736)	2,097,038
July	(31,626)	(267,424)	(152,361)	(451,411)	12,724	(4,288,279)	(2,629,928)
August	(29,912)	(269,771)	(152,361)	(452,044)	(15,957)	(4,185,754)	(7,283,683)
September	(31,626)	(258,893)	(152,361)	(442,880)	(44,194)	(4,347,060)	(12,117,817)
October	(54,979)	4,015,411	(152,361)	3,808,071	(73,525)	(5,443,394)	(13,826,665)
November	(54,690)	7,969,136	(152,361)	7,762,085	(83,893)	(6,521,957)	(12,670,430)
December	387,049	10,731,083	(152,361)	10,965,771	(76,878)	(8,383,811)	(10,165,348)
Year to date	(181,872)	74,772,498	(1,828,332)	72,762,294	(544,584)	(60,387,991)	11,829,719
Hydraulic allocation							3,713,667
Total	(181,872)	74,772,498	(1,828,332)	72,762,294	(544,584)	(60,387,991)	(6,451,681)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.9012.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 15 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-12**

**Attachment 1**  
**CA-NLH-4**  
**Page 8 of 8**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
Opening Balance						(8,959,963)
January	(1,186,301)	1,276,363	90,062	(54,365)	386,988	(8,537,278)
February	(1,032,328)	1,139,998	107,670	(51,800)	359,142	(8,122,266)
March	(1,148,487)	1,245,926	97,439	(49,282)	386,988	(7,687,121)
April	(1,184,377)	818,926	(365,451)	(46,642)	374,850	(7,724,364)
May	(784,458)	516,700	(267,758)	(46,868)	386,988	(7,652,002)
June	(1,059,293)	411,919	(647,374)	(46,429)	374,850	(7,970,955)
July	193,955	269,985	463,940	(48,364)	581,196	(6,974,183)
August	174,062	270,846	444,908	(42,316)	581,196	(5,990,395)
September	243,687	261,154	504,841	(36,347)	556,206	(4,965,695)
October	348,902	778,984	1,127,886	(30,129)	581,196	(3,286,742)
November	229,279	1,327,248	1,556,527	(19,942)	561,918	(1,188,239)
December	392,327	1,755,066	2,147,393	(7,210)	568,344	1,520,288
Year to date	(4,813,032)	10,073,115	5,260,083	(479,694)	5,699,862	10,480,251
Hydraulic allocation						500,293
Balance of historic plan						0
Total	(4,813,032)	10,073,115	5,260,083	(479,694)	5,699,862	2,020,581

1 Q. The report entitled Review of Industrial Customer Rate Design dated February 5,  
2 2008 states the following (page 3):  
3

4 *Depending upon the method used to calculate block sizes, the load variation*  
5 *provision of the Rate Stabilization Plan may no longer be required. This will be*  
6 *considered as part of the ongoing Rate Stabilization Plan review.*  
7

8 Why would the load variation provision be continued and under what  
9 circumstances? Have the Industrial Customers expressed the desire to continue the  
10 load variation provision? If so, please provide supporting documentation.  
11  
12

13 A. Large load changes, without stabilization or other smoothing mechanism, may  
14 result in Hydro either incurring significant unrecoverable Holyrood fuel costs, or  
15 realizing a windfall profit from Holyrood fuel. As explained on pages 17-19 of the  
16 “Review of Industrial Customer Rate Design” report, where Industrial Customer  
17 load variations do not occur at the tail block, there is potential volatility, both  
18 positive and negative, to Hydro’s bottom line. To mitigate this volatility, either the  
19 current load variation, or some other deferral mechanism, would be appropriate.  
20

21 The Industrial Customers have not expressed a definite opinion on the continuation  
22 of the load variation, but have participated in the discussions concerning some  
23 mechanism to account for significant load variation.

- 1 Q. The objectives of the RSP review include, among others (see review of the Rate  
2 Stabilization Plan dated May 31, 2007):
- 3 • To provide for fair apportionment of costs among the customers impacted by  
4 the RSP; and
  - 5 • To mitigate material intergenerational equity concerns.
- 6

7 Is Hydro's proposal to finalize IC rates consistent with the first objective, and is  
8 "holding in abeyance" the load variation component surplus of the RSP consistent  
9 with the second objective? If Hydro believes they are consistent, please provide  
10 support, and if Hydro believes they are inconsistent, what does Hydro propose to  
11 address the inconsistencies and when?

12

13

14 A. Hydro's proposal to finalize rates stems from the need to bring to an end, the  
15 interim rates which were approved by the Board commencing January 1, 2008. On  
16 December 20, 2007, Hydro filed an Application to the Board for an interim order  
17 continuing the rates in effect on the basis that the normal operation of the RSP  
18 could cause significant rate volatility for the Island Industrial Customers in the  
19 context of a significant load change of one of the Island Industrial Customers. Since  
20 that time there have been additional Industrial load reductions on the Island  
21 Interconnected System. Currently **we** may be in a more stable environment with  
22 regard **to** base Industrial load until the addition of the Long Harbour smelter  
23 currently planned for the 2011 / 2012 / 2013 timeframe. Hydro has outlined  
24 elsewhere, in responses to requests for information, its position with regard to  
25 meeting the rate design objective "To provide for fair apportionment of costs  
26 among the customers impacted by the RSP". (Please refer to the response to NP-  
27 NLH-9 and PUB-NLH-15). Hydro had suggested in its letter to the Board of June 30,

1           2009 that the Board consider holding in abeyance the Industrial Customer load  
2           variation amounts until a proposal to address the current anomalies in the RSP can  
3           be addressed. Hydro believes that, with the current involvement of all the Parties,  
4           it is desirable that the Board obtain all the information it requires in order to  
5           resolve this issue as part of the current proceeding.

6

7           Regarding the issue of material intergenerational equity concerns, there has always  
8           been the issue of the timing delay in customers paying the costs (or receiving the  
9           benefits) which are accumulated in the RSP and the period in which they were  
10          incurred. Modifications have been made to the RSP in recent years which result in  
11          a faster reflection of costs (or benefits) in rates. Hydro suggests that the load  
12          variation component surplus of the RSP should only be held in abeyance as long as  
13          the Board finds necessary to determine an appropriate and fair disposition of the  
14          surplus amount.

1 Q. Please confirm that the RSP and IC Rate Reviews were scheduled for completion by  
2 January 1, 2008. Why are these studies not yet completed? What is the current  
3 schedule and status for completion?  
4

5  
6 A. The "Review of Industrial Customer Rate Design" report was filed with the Public  
7 Utilities Board on February 5, 2008, as referred to in Request for Information CA-  
8 NLH-5.  
9

10 There were numerous delays in the preparation of the RSP review, including:

- 11 • Awaiting the completion of the "Review of Industrial Customer Rate Design"  
12 and "Review of Demand Billing to Newfoundland Power" reports, which  
13 were filed with the Board on February 5, 2008 and April 18, 2008,  
14 respectively.
- 15 • A series of party availability issues caused subsequent delays. The Industrial  
16 Customer representative, Mr. David MacDonald, resigned in March 2008  
17 and the new representative, Mr. Larry Marks was identified in May. Hydro  
18 personnel availability was then disrupted due to unanticipated illness, and  
19 over the summer months, all of the parties' vacation schedules resulted in  
20 further delays.
- 21 • In the fall, it was determined that the possible implications of the  
22 International Financial Reporting Standards (IFRS) required much further  
23 discussions. Information sessions were held within both Newfoundland  
24 Power and Hydro, and the similar IFRS issues for both utilities around the  
25 RSP and Newfoundland Power's Rate Stabilization Adjustments, suggested it  
26 would be prudent for the staff responsible for IFRS implementation at both  
27 utilities to jointly discuss the IFRS implication of the RSP.

**RSP Components to be charged to Industrial Customers**

---

- 1           • The Board, in its letter of February 27, 2009 determined that the RSP review
- 2           could no longer be done in the context of the GRA from which it was
- 3           conceived, but the parties were free to seek RSP changes, if desired.
- 4           • IFRS have not yet been resolved, and it is Hydro's position that conclusions
- 5           regarding the continuation of the RSP or any fuel adjustment provisions
- 6           require consideration of the IFRS implications.

**RSP Components to be charged to Industrial Customers**

1 Q. If the IC rates had been implemented as proposed in the IC Rate Review, would  
2 there now be any balance in the load variation component of the RSP (assuming  
3 implementation on January 1, 2008)? If so, how would such balances be dealt with?  
4 For example, would surpluses in the load variation component owing to significant  
5 changes in IC demand be handled through an over-earnings mechanism? If handled  
6 through an over-earnings mechanism, how would the funds be allocated to ICs and  
7 Hydro's other customers?

8  
9  
10 A. If there had been a two-block rate structure for Industrial Customers as illustrated  
11 in the IC Rate Review, there would have been a load variation. Please see table  
12 below for the 2008 load variation.  
13

Total Load Variation (\$)

	First Block	Second Block	Total
January	(879,094)	20,794	(858,300)
February	(649,456)	14,577	(634,879)
March	(646,343)	178	(646,166)
April	(462,413)	152	(462,261)
May	(442,364)	197	(442,167)
June	(510,874)	16,833	(494,041)
July	(400,474)	16,845	(383,629)
August	(454,281)	17,816	(436,465)
September	(513,207)	19,086	(494,121)
October	(290,323)	12,118	(278,205)
November	(23,839)	7,625	(16,214)
December	(264,934)	(61,966)	(326,900)
	<u>(5,537,602)</u>	<u>64,254</u>	<u>(5,473,348)</u>

14

15

16 If the load variation remained in the RSP, under existing rules, the above variation  
17 would have been credited to the Industrial Customers. If the load variation were to  
18 fall to Hydro's bottom line, rather than remain in the RSP, Hydro's reported net  
19 income would have been higher than reported by the above \$5.5 million. Hydro's

**RSP Components to be charged to Industrial Customers**

---

**Page 2 of 2**

1           2008 actual rate of return on rate base (Annual Return, Return 12) was 6.49%, and  
2           the above would have increased that return by approximately .37%, for a revised  
3           return on rate base of 6.86%. As the rate does not exceed the higher end of  
4           Hydro's approved range of return, there would be no over-earnings.

5

6           Had there been over-earnings in excess of the approved range, the allocation of the  
7           over-earnings would have been the subject of a Board ruling. Hydro has not yet  
8           been in a position of over-earning, and an allocation method has therefore not  
9           been established. One may assume that over-earnings would in fact be shared  
10          among the customers, including both Newfoundland Power as Hydro's largest  
11          customer, and the Industrial Customers.

1 Q. Please provide all information that has become available in the past six months  
2 upon which Hydro has based its decision to finalize IC rates.

3

4

5 A. On December 20, 2007 Hydro filed an Application to the Board for an interim order  
6 continuing the rates in effect on the basis that the normal operation of the RSP  
7 could cause significant rate volatility for the Island Industrial Customers in the  
8 context of a significant load change resulting from the shutdown of a paper  
9 machine at Corner Brook Pulp and Paper (CBPP). Over the past six months the  
10 Abitibi mill at Grand Falls has shut down completely (131.4 GWh annually) and  
11 there has been a further paper machine idled at CBPP (estimated at 145 GWh  
12 annually). As depicted in the chart included in Hydro's June 30, 2009 covering letter  
13 to the Board, the 2009 forecast Island Industrial Customer load is less than one half  
14 that included in its 2007 Test Year Cost of Service study. Although it is difficult to  
15 say with certainty, the Industrial class load on the Island Interconnected System  
16 may have stabilized at this much lower level and, on this basis, it may be timely to  
17 make a decision on the following matters:

18

- 19
- finalizing Industrial rates which have been approved on an interim basis  
20 since January 1, 2008;
  - addressing the treatment of the windfall surplus which has accumulated in  
21 the Industrial RSP as a result of shutdown of significant pulp and paper  
22 production on the Island Interconnected System; and
  - fixing a fundamental inequity in the calculation of the load variation  
23 component of the RSP which was identified in Hydro's 2006 RSP report.
- 24
- 25

1 Q. When does Hydro intend to undertake an updated cost of service study?

2

3

4 A. Hydro typically prepares forecast Cost of Service Studies for a Test Year. As no  
5 decision has yet been made on a general rate application (see response to CA-NLH-  
6 11), there is no planned date to undertake such an update.

1 Q. When does Hydro intend to file its next rate application?

2

3

4 A. Hydro has no current plans to file a rate application and is uncertain of the timing of  
5 any future application.

- 1 Q. In light of significant changes in IC demand, is it feasible to update the cost of  
2 service study without updating all financial and technical information as would be  
3 the case in a rate application?  
4  
5
- 6 A. Hydro is unable to run a complete Cost of Service Study, as the underlying forecast  
7 data is not yet available. Please refer to PUB-NLH-22 for the calculation and  
8 assumptions of a revised 2007 Cost of Service analysis.

- 1 Q. Hydro states "Although the attached Application does not contain any proposed  
2 changes, the Board may wish to consider suspension of the existing load variation  
3 allocation rules and holding in abeyance current and future load variation amounts  
4 until such time as Hydro can develop a proposal to address the current anomalies in  
5 the RSP. Hydro anticipates that an application with regard to the RSP load variation  
6 can be made prior to the end of 2009."
- 7 (a) What specifically is Hydro recommending to the Board with regard to load  
8 variation allocation rules and treatment of current and future load variation  
9 amounts?
- 10 (b) On what basis would it be appropriate to freeze rates?
- 11 (c) In light of the significant impact on customers and inter-generational equity  
12 concerns associated with the \$16.1 million balance in the RSP owing to the load  
13 variation component, why is Hydro not recommending changes to the RSP at  
14 this time?
- 15 (d) Is it appropriate for the Board to consider this application without dealing with  
16 the load variation allocation rules and the allocation of current and future load  
17 variation amounts? If so, please provide support.
- 18 (e) What are the repercussions of dealing with these issues in the future rather  
19 than the present?
- 20 (f) Is Hydro of the opinion that the \$16.1 million balance in the RSP should be  
21 shared between the ICs and Hydro's other customers? If so, please provide the  
22 basis for such sharing.
- 23 (g) Please provide information submitted by the ICs in the past several years  
24 indicating their agreement that the RSP balance owing to significant changes in  
25 IC load should be shared with Hydro's other customers.
- 26 (h) What other options are available to establish a cost-based rate for the ICs  
27 excluding the influence of the load variation provision?

**RSP Components to be charged to Industrial Customers**

---

- 1     A.     (a) Hydro recommends that the net load variation should be allocated among the  
2           Island Industrial Customers based on customer energy ratios. The allocation of the  
3           load variation in this manner more closely aligns with the Cost of Service treatment  
4           and Hydro therefore considers this a fairer allocation method. Hydro further  
5           recommends that the current load variation component of the RSP balances, as well  
6           as all future amounts, be allocated in this manner. Please refer to the response to  
7           PUB-NLH-15.  
8  
9           (b) Hydro believes it has been appropriate to have a rate freeze in place while there  
10          have been substantial changes in Island Industrial load and due to the inherent  
11          inequity that exists in the design of the RSP load variation. Please refer to the  
12          response to NP-NLH-9 and CA-NLH-9.  
13  
14          (c) Although it is difficult to say with certainty, the Industrial class load on the Island  
15          Interconnected System may have stabilized and information may now be available  
16          for a timely decision on the RSP issues outlined. Please refer to the response to CA-  
17          NLH-6 and CA-NLH-9.  
18  
19          (d) Please refer to the response to CA-NLH-9.  
20  
21          (e) Hydro believes that the issues referenced can be dealt with presently. Please  
22          refer to the response to CA-NLH-9.  
23  
24          (f) Please refer to the response to NP-NLH-9.  
25  
26          (g) There is no information submitted by the ICs in the past several years indicating  
27          their agreement that the RSP balance owing to significant changes in IC load should  
28          be shared with Hydro's other customers.

1

2

(h) Hydro recommends that the cost-based rate established in the 2007 test year

3

continue to be applicable into the future for Industrial Customers until another Test

4

Year is established at a General Rate Application. Hydro believes, however, that

5

adjustments are required to the load variation component of the RSP as outlined in

6

response to NP-NLH-9, CA-NLH-9 and PUB-NLH-15.

**RSP Components to be charged to Industrial Customers**

Page 1 of 1

1 Q. Please provide a forecast of the load variation component of the IC rate for each  
2 month of the next three years if it is held in abeyance.

3

4

5 A. The table below shows a comparison of forecasts of the Industrial Customer RSP  
6 rates for 2010, 2011, and 2012. RSP rates are not available by component, so two  
7 scenarios have been presented for comparison.

8

9 Scenario 1 shows the forecast RSP rates assuming:

- 10 • Load Variation held in abeyance since January 1, 2007.
- 11 • Industrial RSP rates remain frozen to December 31, 2009.
- 12 • Effective July 1, 2009 Teck Resources Limited has the same RSP rate as the  
13 other Industrial Customers.
- 14 • The next Test Year will not occur until after 2011.
- 15 • The Corner Brook Pulp and Paper load is not reduced after 2009 for the  
16 most recent load decrease, as forecast information is not yet prepared.

17

18 Scenario 2 shows the RSP forecast changing the above assumptions by having the  
19 Load Variation remain assigned to the customers in accordance with the existing  
20 rules.

Industrial Customer RSP Rate	2010	2011	2012
<i>(cents/kWh)</i>			
Load variation held in abeyance	2.923	.148	1.185
Load variation allowed to accumulate to customer	(8.593)	.514	(1.84)

1 Q. Please provide in tabular format the RSP balances in the IC and Retail Rate Plans if  
2 the balances resulting from load variations are shared based on 12-month  
3 cumulative energy use effective July 1, 2009 for each of the following 18 months at  
4 year-end 2009 and 2010 (and 2011) *sic*.

5  
6  
7 A. The table below provides the RSP balances at year end 2009 and 2010 assuming  
8 the balances resulting from the load variation are shared, based on 12-month  
9 cumulative energy use, effective July 1, 2009. These calculations assume that the  
10 interim Industrial Customer RSP rate continues for the remainder of 2009, and uses  
11 the load forecast dated May 21, 2009 and the fuel forecast dated June 10, 2009.  
12 Please see the 2009 and 2010 forecast RSP calculations attached.

13

	2009	2010
( as at December 31 <sup>st</sup> )	(\$)	
IC RSP Balance	(23,493,530)	8,176,336
NP RSP Balance	(61,485,319)	(47,320,993)

**IC-NLH-22, Attachment 1, Page 32 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variance - Year-to-Date**  
**Dec-09**

**Attachment 1**  
**CA-NLH-15**  
**Page 1 of 4**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Load Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(\$)	Customers	Interconnected	(\$)	(\$)	Interconnected
		(kWh)	(kWh)	(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)			(\$)
January										
February										
March										
April										
May										
June										
July	4,997,873,220	538,438,580	409,638,150	5,945,949,950	(1,824,174)	(196,525)	(149,513)	(2,170,212)	(133,216)	(16,297)
August	5,016,424,893	516,210,173	408,929,295	5,941,564,361	(3,692,690)	(379,993)	(301,020)	(4,373,703)	(268,209)	(32,811)
September	5,037,810,158	494,386,856	409,213,152	5,941,410,166	(5,421,791)	(532,069)	(440,403)	(6,394,263)	(392,399)	(48,004)
October	5,040,030,476	467,514,668	409,448,030	5,916,993,174	(7,142,179)	(662,511)	(580,225)	(8,384,915)	(516,980)	(63,245)
November	5,074,622,387	432,919,549	410,565,124	5,918,107,060	(8,902,900)	(759,513)	(720,294)	(10,382,707)	(641,782)	(78,512)
December	5,104,813,659	407,433,943	409,555,564	5,921,803,166	(10,722,502)	(855,802)	(860,259)	(12,438,563)	(766,491)	(93,768)

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 33 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variance - Monthly**  
**Dec-09**

**Attachment 1**  
**CA-NLH-15**  
**Page 2 of 4**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	Load Variance		Rural Allocation		Total Load Variance	Load Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
					<b>(B + D)</b>		
January	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0
July	(1,824,174)	(1,824,174)	(133,216)	(133,216)	(1,957,390)	(196,525)	(196,525)
August	(3,692,690)	(1,868,516)	(268,209)	(134,993)	(2,003,509)	(379,993)	(183,468)
September	(5,421,791)	(1,729,101)	(392,399)	(124,190)	(1,853,291)	(532,069)	(152,076)
October	(7,142,179)	(1,720,388)	(516,980)	(124,581)	(1,844,969)	(662,511)	(130,442)
November	(8,902,900)	(1,760,721)	(641,782)	(124,802)	(1,885,523)	(759,513)	(97,002)
December	(10,722,502)	(1,819,602)	(766,491)	(124,709)	(1,944,311)	(855,802)	(96,289)
		<u>(10,722,502)</u>		<u>(766,491)</u>	<u>(11,488,993)</u>		<u>(855,802)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 34 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-09**

**Attachment 1**  
**CA-NLH-15**  
**Page 3 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment <sup>(2)</sup>	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				<b>(A + B + C)</b>			(\$)
Opening Balance							(10,329,892)
January	(126,762)	(991,801)	(260,611)	(1,379,174)	(62,677)	(4,783,922)	(16,555,665)
February	(25,647)	(1,732,384)	(319,568)	(2,077,599)	(100,451)	(4,063,628)	(22,797,343)
March	(519)	(1,669,221)	(207,444)	(1,877,184)	(138,323)	(4,151,502)	(28,964,352)
April	(51)	(1,352,269)	(192,147)	(1,544,467)	(175,741)	(3,171,882)	(33,856,443)
May	(19,600)	(518,005)	(160,450)	(698,055)	(205,424)	(2,631,329)	(37,391,250)
June	(41,935)	(197,632)	(142,567)	(382,134)	(226,871)	(2,288,432)	(40,288,687)
July	(1,957,390)	(28,567)	(152,361)	(2,138,318)	(244,452)	(132,440)	(42,803,897)
August	(2,003,509)	(26,493)	(152,361)	(2,182,363)	(259,713)	(132,000)	(45,377,973)
September	(1,853,291)	(26,374)	(152,361)	(2,032,026)	(275,331)	(135,608)	(47,820,938)
October	(1,844,969)	(650,176)	(152,361)	(2,647,506)	(290,154)	(165,132)	(50,923,730)
November	(1,885,523)	544,037	(152,361)	(1,493,847)	(308,980)	(197,560)	(52,924,117)
December	(1,944,311)	1,403,689	(152,361)	(692,983)	(321,117)	(249,348)	(54,187,565)
Year to date	(11,703,507)	(5,245,196)	(2,196,953)	(19,145,656)	(2,609,234)	(22,102,783)	(43,857,673)
Hydraulic allocation							(7,297,754)
Total	(11,703,507)	(5,245,196)	(2,196,953)	(19,145,656)	(2,609,234)	(22,102,783)	(61,485,319)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility \$0.752 effective July 1, 2008.

**IC-NLH-22, Attachment 1, Page 35 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-09**

**Attachment 1**  
**CA-NLH-15**  
**Page 4 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			(\$)
Opening Balance						(11,994,442)
January	(1,361,201)	(127,286)	(1,488,487)	(72,776)	466,209	(13,089,496)
February	(1,401,471)	(217,286)	(1,618,757)	(79,421)	398,964	(14,388,710)
March	(1,809,433)	(200,529)	(2,009,962)	(87,303)	388,867	(16,097,108)
April	(2,936,566)	(125,496)	(3,062,062)	(97,669)	208,165	(19,048,674)
May	(2,543,731)	(19,529)	(2,563,260)	(115,578)	222,774	(21,504,738)
June	(2,176,693)	9,987	(2,166,706)	(130,480)	296,273	(23,505,650)
July	(196,525)	28,546	(167,979)	(142,621)	324,790	(23,491,460)
August	(183,468)	26,439	(157,029)	(142,534)	322,790	(23,468,233)
September	(152,076)	26,413	(125,663)	(142,394)	311,370	(23,424,920)
October	(130,442)	(23,440)	(153,882)	(142,131)	340,790	(23,380,143)
November	(97,002)	93,100	(3,902)	(141,859)	337,295	(23,188,609)
December	(96,289)	138,372	42,083	(140,697)	337,295	(22,949,928)
Year to date	(13,084,897)	(390,709)	(13,475,606)	(1,435,463)	3,955,582	(10,955,487)
Hydraulic allocation						(543,602)
Balance of historic plan						0
Total	(13,084,897)	(390,709)	(13,475,606)	(1,435,463)	3,955,582	(23,493,530)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

**IC-NLH-22, Attachment 1, Page 36 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variation - Year-to-Date**  
**Dec-10**

**Attachment 2**  
**CA-NLH-15**  
**Page 1 of 4**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Load Variation				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(\$)	Customers	Interconnected	(\$)	(\$)	Interconnected
		(kWh)	(kWh)	(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)			
January	5,086,453,838	405,387,072	407,181,168	5,899,022,078	(1,337,174)	(106,572)	(107,044)	(1,550,790)	(95,376)	(11,668)
February	5,101,577,788	406,253,284	408,615,148	5,916,446,220	(2,545,668)	(202,719)	(203,896)	(2,952,284)	(181,671)	(22,225)
March	5,114,416,321	413,644,325	408,175,765	5,936,236,411	(3,776,643)	(305,448)	(301,410)	(4,383,500)	(268,556)	(32,854)
April	5,143,323,460	441,818,874	408,057,968	5,993,200,302	(5,042,657)	(433,171)	(400,072)	(5,875,900)	(356,464)	(43,608)
May	5,176,812,711	469,931,606	408,204,776	6,054,949,093	(5,966,589)	(541,625)	(470,480)	(6,978,694)	(419,198)	(51,282)
June	5,192,800,000	486,300,000	411,400,000	6,090,500,000	(7,140,982)	(668,745)	(565,745)	(8,375,472)	(504,079)	(61,666)
July	5,194,500,000	499,800,000	412,000,000	6,106,300,000	(8,402,112)	(808,427)	(666,411)	(9,876,950)	(593,772)	(72,639)
August	5,195,600,000	513,400,000	411,400,000	6,120,400,000	(9,682,369)	(956,757)	(766,673)	(11,405,799)	(683,106)	(83,567)
September	5,197,700,000	525,500,000	412,000,000	6,135,200,000	(10,867,687)	(1,098,749)	(861,437)	(12,827,873)	(767,540)	(93,897)
October	5,200,900,000	539,000,000	413,400,000	6,153,300,000	(11,960,112)	(1,239,497)	(950,664)	(14,150,273)	(847,042)	(103,622)
November	5,207,700,000	551,000,000	414,000,000	6,172,700,000	(13,127,270)	(1,388,929)	(1,043,587)	(15,559,786)	(929,836)	(113,751)
December	5,212,000,000	563,400,000	414,700,000	6,190,100,000	(14,218,378)	(1,536,960)	(1,131,305)	(16,886,643)	(1,007,993)	(123,312)

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 37 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variation Monthly**  
**Dec-10**

**Attachment 2**  
**CA-NLH-15**  
**Page 2 of 4**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Load Variation</b>		<b>Rural Allocation</b>		<b>Total Load Variation</b>	<b>Load Variation</b>	
	<b>Year-to-Date Activity</b>	<b>Current Month Activity <sup>(1)</sup></b>	<b>Year-to-Date Activity</b>	<b>Current Month Activity <sup>(1)</sup></b>	<b>Activity for the month</b>	<b>Year-to-Date Activity</b>	<b>Current Month Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
				<b>(B + D)</b>			
January	(1,337,174)	(1,337,174)	(95,376)	(95,376)	(1,432,550)	(106,572)	(106,572)
February	(2,545,668)	(1,208,494)	(181,671)	(86,295)	(1,294,789)	(202,719)	(96,147)
March	(3,776,643)	(1,230,975)	(268,556)	(86,885)	(1,317,860)	(305,448)	(102,729)
April	(5,042,657)	(1,266,014)	(356,464)	(87,908)	(1,353,922)	(433,171)	(127,723)
May	(5,966,589)	(923,932)	(419,198)	(62,734)	(986,666)	(541,625)	(108,454)
June	(7,140,982)	(1,174,393)	(504,079)	(84,881)	(1,259,274)	(668,745)	(127,120)
July	(8,402,112)	(1,261,130)	(593,772)	(89,693)	(1,350,823)	(808,427)	(139,682)
August	(9,682,369)	(1,280,257)	(683,106)	(89,334)	(1,369,591)	(956,757)	(148,330)
September	(10,867,687)	(1,185,318)	(767,540)	(84,434)	(1,269,752)	(1,098,749)	(141,992)
October	(11,960,112)	(1,092,425)	(847,042)	(79,502)	(1,171,927)	(1,239,497)	(140,748)
November	(13,127,270)	(1,167,158)	(929,836)	(82,794)	(1,249,952)	(1,388,929)	(149,432)
December	(14,218,378)	(1,091,108)	(1,007,993)	(78,157)	(1,169,265)	(1,536,960)	(148,031)
		<u>(14,218,378)</u>		<u>(1,007,993)</u>	<u>(15,226,371)</u>		<u>(1,536,960)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 38 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-10**

**Attachment 2**  
**CA-NLH-15**  
**Page 3 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment <sup>(2)</sup>	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				<b>(A + B + C)</b>			(\$)
Opening Balance							(61,485,319)
January	(1,432,550)	5,619,938	(152,361)	4,035,027	(373,062)	(271,832)	(58,095,186)
February	(1,294,789)	5,201,290	(152,361)	3,754,140	(352,493)	(244,420)	(54,937,959)
March	(1,317,860)	5,659,130	(152,361)	4,188,909	(333,336)	(248,556)	(51,330,942)
April	(1,353,922)	3,576,726	(152,361)	2,070,443	(311,450)	(198,308)	(49,770,257)
May	(986,666)	1,795,808	(152,361)	656,781	(301,981)	(168,696)	(49,584,153)
June	(1,259,274)	1,240,425	(152,361)	(171,210)	(300,852)	(140,932)	(50,197,147)
July	(1,350,823)	(50,495)	(152,361)	(1,553,679)	(304,571)	556,968	(51,498,429)
August	(1,369,591)	(50,749)	(152,361)	(1,572,701)	(312,467)	554,024	(52,829,573)
September	(1,269,752)	(44,600)	(152,361)	(1,466,713)	(320,543)	570,952	(54,045,877)
October	(1,171,927)	1,902,146	(152,361)	577,858	(327,923)	696,440	(53,099,502)
November	(1,249,952)	3,812,413	(152,361)	2,410,100	(322,181)	838,672	(50,172,911)
December	(1,091,108)	4,565,446	(152,361)	3,321,977	(304,424)	1,050,640	(46,104,718)
Year to date	(15,148,214)	33,227,478	(1,828,332)	16,250,932	(3,865,283)	2,994,952	15,380,601
Hydraulic allocation							(1,216,275)
Total	(15,148,214)	33,227,478	(1,828,332)	16,250,932	(3,865,283)	2,994,952	(47,320,993)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility \$0.044 effective July 1, 2009.

**IC-NLH-22, Attachment 1, Page 39 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-10**

**Attachment 2**  
**CA-NLH-15**  
**Page 4 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			(\$)
Opening Balance						(23,493,530)
January	(106,572)	418,085	311,513	(142,547)	2,641,896	(20,682,668)
February	(96,147)	386,239	290,092	(125,492)	2,380,968	(18,137,100)
March	(102,729)	440,087	337,358	(110,047)	2,647,332	(15,262,457)
April	(127,723)	364,769	237,046	(92,605)	2,527,740	(12,590,276)
May	(108,454)	244,321	135,867	(76,392)	2,609,280	(9,921,521)
June	(127,120)	166,567	39,447	(60,199)	2,522,304	(7,419,969)
July	(139,682)	50,706	(88,976)	(45,021)	2,587,536	(4,966,430)
August	(148,330)	51,448	(96,882)	(30,134)	2,587,536	(2,505,910)
September	(141,992)	44,777	(97,215)	(15,205)	2,435,328	(183,002)
October	(140,748)	237,987	97,239	(1,110)	2,631,024	2,544,151
November	(149,432)	427,000	277,568	15,437	2,516,868	5,354,024
December	(148,031)	522,017	373,986	32,486	2,538,612	8,299,108
Year to date	(1,536,960)	3,354,003	1,817,043	(650,829)	30,626,424	31,792,638
Hydraulic allocation						(122,772)
Balance of historic plan						0
Total	(1,536,960)	3,354,003	1,817,043	(650,829)	30,626,424	8,176,336

(1) The RSP adjustment rate for Industrial Customers 0.054.34 cents per kWh effective January 1, 2008.

1     Q.     Is Hydro proposing that Teck Cominco be allocated a share of current and future  
2           balances in the RSP account? If so, on what basis?

3

4

5     A.     Yes, Hydro is proposing that Teck Cominco be included in the recovery or payment  
6           of current and future balances in the RSP account. This proposal is based on the  
7           fact that Teck Cominco is contributing to the Industrial Customer RSP balances and  
8           they should, therefore, be treated the same as the rest of the Industrial Customers.

- 1 Q. Was the load variation component of the RSP designed to deal with significant loss  
2 or gain of Industrial Customer load between test cases? If so, please provide  
3 supporting documentation.  
4  
5  
6 A. Please refer to the response to NP-NLH-9.

1 Q. Is the load variation component of the RSP being allocated to Hydro customers  
2 differently than it would be in a test year of a rate application? Please explain the  
3 differences between the allocation of the load variation component in test years  
4 versus between test years.

5

6

7 A. Please refer to Section 3.3 Customer Load Variation, pg 13-16, of Hydro's Report  
8 "Review of the Operation of the Rate Stabilization Plan" dated June 30, 2006 which  
9 was filed with the Hydro's Application. Please refer also to the response to NP-NLH-  
10 9.

1 Q. Please provide isolated historic growth in the balance associated with the load  
2 variation component of the RSP since the IC rates became interim. Further, please  
3 provide in tabular form the pro-forma historic RSP balances in the IC and Retail Rate  
4 Plans related to the load variation component if the balances were shared based on  
5 12-month cumulative energy use from the initial interim date of IC rates.  
6  
7

8 A. The balance associated with the load variation component of the RSP at December  
9 31, 2008 (excluding interest) for the IC's is \$(10,315,182) and for Retail is \$(26,253).  
10 The balance associated with the load variation component of the RSP at June 30,  
11 2009 (excluding interest) for the IC's is \$(12,229,095) and for Retail is \$(214,935).  
12 Please refer to IC-NLH-4 Attachment 2, Pages 8-9 and Attachment 3, Pages 8-9 for  
13 the associated calculations.  
14

15 The pro-forma historic RSP balances in the IC and Retail Rate Plans related to the  
16 load variation component (excluding interest) if the balances were shared based on  
17 12-month cumulative energy use from the initial interim date of IC rates are  
18 attached.

**IC-NLH-22, Attachment 1, Page 44 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variance - Year-to-Date**  
**Dec-08**

**Attachment 1**  
**CA-NLH-19**  
**Page 1 of 2**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Load Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)			
					(to page 2)				(to page 2)	
January	5,013,930,402	757,617,114	402,636,925	6,174,184,441	(1,114,916)	(168,467)	(89,531)	(1,372,914)	(79,772)	(9,759)
February	5,010,687,516	745,479,712	405,359,469	6,161,526,697	(1,886,308)	(280,641)	(152,599)	(2,319,549)	(135,966)	(16,633)
March	5,037,540,915	725,101,494	407,923,188	6,170,565,597	(2,788,245)	(401,339)	(225,784)	(3,415,367)	(201,174)	(24,610)
April	5,021,579,114	715,981,052	407,769,144	6,145,329,310	(3,470,789)	(494,868)	(281,840)	(4,247,497)	(251,119)	(30,721)
May	5,010,732,890	698,078,678	407,998,011	6,116,809,579	(3,994,994)	(556,569)	(325,292)	(4,876,855)	(289,835)	(35,457)
June	4,998,998,529	681,489,224	409,750,041	6,090,237,794	(4,729,976)	(644,815)	(387,699)	(5,762,490)	(345,440)	(42,259)
July	4,991,379,950	667,970,307	410,477,609	6,069,827,866	(5,529,186)	(739,942)	(454,705)	(6,723,833)	(405,142)	(49,563)
August	5,008,640,188	651,211,541	411,239,047	6,071,090,776	(6,429,177)	(835,906)	(527,874)	(7,792,957)	(470,336)	(57,538)
September	5,010,044,656	648,919,073	411,961,865	6,070,925,594	(7,175,471)	(929,393)	(590,018)	(8,694,882)	(525,706)	(64,312)
October	5,012,364,843	661,618,615	412,275,567	6,086,259,025	(7,694,416)	(1,015,642)	(632,879)	(9,342,937)	(563,895)	(68,984)
November	5,004,210,952	684,182,648	412,005,514	6,100,399,114	(7,847,361)	(1,072,902)	(646,088)	(9,566,351)	(575,664)	(70,424)
December	4,959,752,852	690,182,871	411,682,211	6,061,617,934	(8,461,596)	(1,177,488)	(702,351)	(10,341,435)	(625,795)	(76,556)

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 45 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variance - Monthly**  
**Dec-08**

**Attachment 1**  
**CA-NLH-19**  
**Page 2 of 2**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	Load Variance		Rural Allocation		Total Load Variance	Load Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 1)		(from page 1)		(B + D)	(from page 1)	
January	(1,114,916)	(1,114,916)	(79,772)	(79,772)	(1,194,688)	(168,467)	(168,467)
February	(1,886,308)	(771,392)	(135,966)	(56,194)	(827,586)	(280,641)	(112,174)
March	(2,788,245)	(901,937)	(201,174)	(65,208)	(967,145)	(401,339)	(120,698)
April	(3,470,789)	(682,544)	(251,119)	(49,945)	(732,489)	(494,868)	(93,529)
May	(3,994,994)	(524,205)	(289,835)	(38,716)	(562,921)	(556,569)	(61,701)
June	(4,729,976)	(734,982)	(345,440)	(55,605)	(790,587)	(644,815)	(88,246)
July	(5,529,186)	(799,210)	(405,142)	(59,702)	(858,912)	(739,942)	(95,127)
August	(6,429,177)	(899,991)	(470,336)	(65,194)	(965,185)	(835,906)	(95,964)
September	(7,175,471)	(746,294)	(525,706)	(55,370)	(801,664)	(929,393)	(93,487)
October	(7,694,416)	(518,945)	(563,895)	(38,189)	(557,134)	(1,015,642)	(86,249)
November	(7,847,361)	(152,945)	(575,664)	(11,769)	(164,714)	(1,072,902)	(57,260)
December	(8,461,596)	(614,235)	(625,795)	(50,131)	(664,366)	(1,177,488)	(104,586)
		<u>(8,461,596)</u>		<u>(625,795)</u>	<u>(9,087,391)</u>		<u>(1,177,488)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 46 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variance - Year-to-Date**  
**Dec-09**

**Attachment 2**  
**CA-NLH-19**  
**Page 1 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>
	Twelve Months-to-Date				Year-to-Date Load Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(\$)	Customers	Interconnected	(\$)	(\$)	Interconnected
				<b>(A+B+C)</b>	<b>(A/D X H)</b>	<b>(B/D X H)</b>	<b>(C/D X H)</b>			
					<b>(to page 2)</b>				<b>(to page 2)</b>	
January	5,005,151,512	689,749,882	414,470,780	6,109,372,174	(1,219,025)	(167,991)	(100,947)	(1,487,963)	(89,944)	(11,003)
February	5,010,856,454	680,296,222	412,537,210	6,103,689,886	(2,393,151)	(324,905)	(197,024)	(2,915,081)	(175,548)	(21,476)
March	5,003,195,483	666,365,030	412,541,893	6,082,102,406	(3,886,857)	(517,682)	(320,495)	(4,725,033)	(285,561)	(34,934)
April	4,989,239,677	625,317,933	413,558,514	6,028,116,124	(6,341,253)	(794,770)	(525,627)	(7,661,650)	(468,334)	(57,293)
May	4,968,395,779	587,975,854	413,195,928	5,969,567,561	(8,510,123)	(1,007,115)	(707,743)	(10,224,981)	(630,599)	(77,144)
June	4,973,908,918	562,003,055	409,782,881	5,945,694,854	(10,409,781)	(1,176,203)	(857,626)	(12,443,610)	(764,145)	(93,481)
July	4,997,873,220	538,438,580	409,638,150	5,945,949,950	(12,283,660)	(1,323,362)	(1,006,800)	(14,613,822)	(897,059)	(109,741)
August	5,016,424,893	516,210,173	408,929,295	5,941,564,361	(14,198,750)	(1,461,108)	(1,157,455)	(16,817,313)	(1,031,292)	(126,163)
September	5,037,810,158	494,386,856	409,213,152	5,941,410,166	(15,972,913)	(1,567,506)	(1,297,454)	(18,837,873)	(1,156,032)	(141,422)
October	5,040,030,476	467,514,668	409,448,030	5,916,993,174	(17,741,511)	(1,645,708)	(1,441,306)	(20,828,525)	(1,284,204)	(157,102)
November	5,074,622,387	432,919,549	410,565,124	5,918,107,060	(19,572,971)	(1,669,784)	(1,583,562)	(22,826,317)	(1,410,954)	(172,608)
December	5,104,813,659	407,433,943	409,555,564	5,921,803,166	(21,449,354)	(1,711,952)	(1,720,867)	(24,882,173)	(1,533,292)	(187,575)

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 47 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Load Variance - Monthly**  
**Dec-09**

**Attachment 2**  
**CA-NLH-19**  
**Page 2 of 2**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Load Variance</b>		<b>Rural Allocation</b>		<b>Total Load Variance</b>	<b>Load Variance</b>	
	<b>Year-to-Date Activity</b>	<b>Current Month Activity <sup>(1)</sup></b>	<b>Year-to-Date Activity</b>	<b>Current Month Activity <sup>(1)</sup></b>	<b>Activity for the month</b>	<b>Year-to-Date Activity</b>	<b>Current Month Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>(from page 1)</b>		<b>(from page 1)</b>		<b>(B + D)</b>	<b>(from page 1)</b>	
January	(1,219,025)	(1,219,025)	(89,944)	(89,944)	(1,308,969)	(167,991)	(167,991)
February	(2,393,151)	(1,174,126)	(175,548)	(85,604)	(1,259,730)	(324,905)	(156,914)
March	(3,886,857)	(1,493,706)	(285,561)	(110,013)	(1,603,719)	(517,682)	(192,777)
April	(6,341,253)	(2,454,396)	(468,334)	(182,773)	(2,637,169)	(794,770)	(277,088)
May	(8,510,123)	(2,168,870)	(630,599)	(162,265)	(2,331,135)	(1,007,115)	(212,345)
June	(10,409,781)	(1,899,658)	(764,145)	(133,546)	(2,033,204)	(1,176,203)	(169,088)
July	(12,283,660)	(1,873,879)	(897,059)	(132,914)	(2,006,793)	(1,323,362)	(147,159)
August	(14,198,750)	(1,915,090)	(1,031,292)	(134,233)	(2,049,323)	(1,461,108)	(137,746)
September	(15,972,913)	(1,774,163)	(1,156,032)	(124,740)	(1,898,903)	(1,567,506)	(106,398)
October	(17,741,511)	(1,768,598)	(1,284,204)	(128,172)	(1,896,770)	(1,645,708)	(78,202)
November	(19,572,971)	(1,831,460)	(1,410,954)	(126,750)	(1,958,210)	(1,669,784)	(24,076)
December	(21,449,354)	(1,876,383)	(1,533,292)	(122,338)	(1,998,721)	(1,711,952)	(42,168)
		<u>(21,449,354)</u>		<u>(1,533,292)</u>	<u>(22,982,646)</u>		<u>(1,711,952)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

1 Q. In Clauses 12 and 13 of the Application, it is stated that the Industrial Customer  
2 rates were made "interim" in January 2008 on the basis that the normal operation  
3 of the RSP could cause significant rate volatility for the Island Industrial Customers.

4 (a) What evidence is available to Hydro now to support finalizing IC rates  
5 without first resolving the issue of disposition of the RSP Plan balances that  
6 was not available to Hydro in December 2007 when Hydro recommended  
7 the IC rates be made "interim"?

8 (b) Please provide copies of minutes of meetings, emails and all other  
9 correspondence between Hydro and the Industrial Customers prior to the  
10 Application filed on December 20, 2007 which requested a continuation of  
11 current IC rates on an interim basis.  
12

13 A. (a) When Hydro proposed interim rates for its Industrial Customers in its  
14 December 20, 2007 filing, it was in the context of the shutdown of a paper  
15 machine at the Corner Brook Pulp and Paper mill in November and the  
16 potential volatility it could cause in Industrial Customers' rates.  
17 Subsequently, further shutdowns of pulp and paper operations have  
18 occurred which had a significant load reduction on the Island Interconnected  
19 system, and which, once again, had the potential to cause volatility in  
20 Industrial Customers' rates. As indicated in Hydro's response to CA-NLH-9,  
21 Industrial class load may have stabilized at this much lower level and  
22 therefore, as Hydro proposes in its current application, it may be timely to  
23 finalize the rates which have been approved on an interim basis since  
24 January 1, 2008. Also, as outlined in the response to CA-NLH-9, Hydro  
25 believes that the issue of the disposition of the RSP balances can be resolved  
26 concurrent with the finalization of Industrial Customers' rates.

27 (b) Please see response to NP-NLH-19.

**RSP Components to be charged to Industrial Customers**

1     Q.     Please provide a table showing for NP and each IC, and the ICs in total: 2007 test  
2             year revenue requirement, energy, and average revenue requirement in  
3             cents/kWh, and current revenue requirement, energy and average revenue  
4             requirement in cents/kWh based on assumptions in the response to PUB-NLH-22.

7     A.

	<b>2007 Test Year</b>		
	<b>Revenue Requirement (\$)</b>	<b>Energy Sales (MWh)</b>	<b>Average Energy Rate (cents/kWh)</b>
Newfoundland Power	319,063,647	4,925,800	6.48
Industrial Customers (firm)			
Abitibi Price - Stephenville	554,659	5,700	9.73
Abitibi Price - Grand Falls	6,434,708	131,400	4.90
Corner Brook Pulp & Paper Co. Ltd. CB	21,129,583	447,600	4.72
N. Atlantic Refining Ltd.	11,613,084	245,300	4.73
Aur Resources	3,351,437	64,300	5.21
Total Industrial Customers	43,083,471	894,300	4.82

	<b>2007 Test Year - PUB-NLH-22</b>		
	<b>Revenue Requirement (\$)</b>	<b>Energy Sales (MWh)</b>	<b>Average Energy Rate (cents/kWh)</b>
Newfoundland Power	299,049,437	4,925,800	6.07
Industrial Customers (firm)			
Abitibi Price - Stephenville	-	-	-
Abitibi Price - Grand Falls	-	-	-
Corner Brook Pulp & Paper Co. Ltd. CB	5,405,283	94,800	5.70
N. Atlantic Refining Ltd.	10,893,747	254,300	4.28
Aur Resources	2,951,877	62,500	4.72
Total Industrial Customers	19,250,907	411,600	4.68

CA-NLH-22  
RSP Components to be charged to Industrial Customers

---

Page 1 of 3

1 Q. With regard to rate design for Island Interconnected Customers, please provide the  
2 following:

- 3 (a) The rate design objectives used by Hydro to guide rate design;  
4 (b) The period of time over which Hydro has been using these rate design  
5 objectives;  
6 (c) The rate design objectives categorized as primary versus those categorized  
7 as secondary; and  
8 (d) The means employed for meeting objectives relating to recovery of  
9 revenue requirement, fairness and efficiency.  
10

11 A. (a) The rate design objectives used by Hydro to guide rate design are those  
12 outlined by Dr. Robert H. Sarikas, Hydro's expert witness at its 1992 General  
13 Rate Application (GRA), and are as follows: meeting the annual revenue  
14 requirement, equity or fairness, economic efficiency, simplicity and  
15 understanding of the rate form, conservation of resources, stability, social  
16 goals, administrative ease, employment, and protection of the environment.  
17

18 (b) Hydro has been using these rate design objectives since the 1992 GRA  
19 proceeding.  
20

21 (c) Meeting the annual revenue requirement is a fundamental objective of rate  
22 design. In balancing the remaining rate design objectives outlined in (a)  
23 above, three of the secondary objectives merit close consideration:

- 24 • fairness – rates should be based upon cost causation and should reflect  
25 an equitable distribution of cost recovery amongst customer classes and  
26 amongst customers within each class;

**RSP Components to be charged to Industrial Customers**

- economic efficiency – rates should provide appropriate price signals for the conservation of capital and natural resources; and
- rate and revenue stability – this is important from the standpoints of both Hydro and its customers.

(d) The means employed for meeting objectives relating to recovery of revenue requirement, fairness and efficiency are as follows:

Rate design objective	Means employed to meet objective
Recovery of the revenue requirement	Hydro periodically reestablishes its rates based on forecast cost of service studies used in its General Rate Applications. By designing rates with demand, energy and customer components that are reasonably reflective of the corresponding costs, revenue under-recovery or over-recovery between rate applications tends to be minimized as a result of any changes in market conditions or customer usage characteristics. Additionally, the existence of the Rate Stabilization Plan, which stabilizes for changes in load, fuel price and hydrology between test years, further protects Hydro's net income and protects customers from over-collection of fuel costs. Finally, Hydro weather-normalizes NP's native demand for billing

**RSP Components to be charged to Industrial Customers**

**Page 3 of 3**

	purposes in order to protect against revenue changes due to unpredictable weather.
Fairness	Rates are generally considered to be fair if they are based on cost. Hydro apportions its revenue requirement based on its cost of service to ensure that the revenue requirement for each class is equitable and non-discriminatory. Within each class, and to the extent practical, demand and energy rate structure components are also reflective of cost of service in order to minimize subsidies among customers. In addition, when Hydro has to periodically deal with special ratemaking issues, the issue of fairness is always a primary concern.
Efficiency	Hydro promotes the efficient utilization of capital and natural resources through cost-based rate design and marginal cost considerations in designing electricity rates. Examples include: the change to a demand and energy rate to NP from an energy-only rate; and the use of inclining energy rates for both NP and the IC.

- 1 Q. In the response to PUB-NLH-13, Hydro recommends that the balance in the IC RSP  
2 owing to the load variation component be allocated between Newfoundland Power  
3 and the Industrial Customers based on energy ratios. Please provide support and  
4 clarification for the recommendation. Specifically, please address the following:
- 5 (a) Which components of the RSP balance should be disbursed and when?  
6 (b) What should be the start and end dates of the balance accumulation?  
7 (c) On what basis should the load ratio shares be determined?  
8 (d) What amounts should be disbursed to customers based on current  
9 forecasts?  
10 (e) How should the balance be disbursed to customers?  
11 (f) What impact on the rates of NP and each IC, and the ICs in total, is forecast  
12 under Hydro's recommendation?  
13 (g) If rate reductions are to be conveyed, over what amortization period should  
14 they be conveyed?  
15 (h) With regard to the response to CA-NLH-13 (a), please confirm that Hydro  
16 recommends that the RSP balance owing to the IC load variation component  
17 be allocated to both Newfoundland Power and the Industrial Customers on  
18 the basis of 2009 load share.  
19  
20
- 21 A. (a) In the response to PUB-NLH-13, Hydro recommended that the net load  
22 variation (Page 2 of 2, Line 7), rather than the Industrial Customer load  
23 variation, be allocated between Newfoundland Power and the Industrial  
24 Customers. Hydro's recommendation is that this allocation be disbursed in  
25 accordance with the existing dates and methodology, and as stated in the  
26 response to PUB-NLH-26 (Rev 1 July 31, 2009), that the Board consider  
27 amortizing the resultant rate changes over more than one period.

**RSP Components to be charged to Industrial Customers**

---

- (b) As stated in the response to PUB-NLH-26 (Rev 1 July 31, 2009), Hydro considers the load variation should be allocated so that all customers on the Island Interconnected System receive a fair portion of the fuel savings which results from the industrial downturn since 2006. Hydro proposes that the change in allocation of the net load variation should therefore be effective January 1, 2007 and that the balance accumulation would continue on this basis until such time as the Board rules on this issue.
- (c) The load variation should be shared between the customer groups in the same manner as the fuel variation is shared, based on twelve-months-to-date sales.
- (d) Hydro does not recommend that any amounts be disbursed based on forecasts. Forecast amounts were used in the responses to Requests for Information for illustrative purposes. It is proposed that actual activity should be the basis of all allocations.
- (e) Hydro suggests that the balance be disbursed to customers as part of regular RSP rate-making, with consideration being given to smoothing the rate impacts over more than one year as recommended in the response to PUB-NLH-26 (Rev 1 July 31-09).
- (f) Assuming changes to the load variation allocation become effective January 1, 2007, the impact on the rates of NP and the IC class are as shown in the response to PUB-NLH-26 (Rev 1 July 31-09).
- |                        |        |
|------------------------|--------|
| Newfoundland Power     | -12.1% |
| Industrial Customers   | -20.3% |
| Teck Resources Limited | 10.1%  |
- These estimates are based on forecasts to December 31, 2009. Actual rates will vary.
- (g) If the rate reductions reach the levels forecast in (f), Hydro suggests that the amortization period should be at least two years.

**RSP Components to be charged to Industrial Customers**

---

- 1           (h)     The IC RSP balance comprises amounts that accrued during the years 2007,  
2                     2008 and 2009. On that basis it would be appropriate to allocate the load  
3                     variation in those years between NP and the Industrial Customer class based  
4                     upon the respective consumptions of those classes in all of those years.

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide actual and forecast balances in the load variation component of the  
2 IC RSP under its current terms assuming it is allowed to accumulate from January 1,  
3 2007 until the date shown in the table below.

4

Date	Balance
December 31, 2007	
December 31, 2008	
June 30, 2009	
December 31, 2009	
December 31, 2010	

5

6

7 A. The actual and forecast balances in the load variation component of the IC RSP  
8 under its current terms assuming it is allowed to accumulate to customers from  
9 January 1, 2007 until December 31, 2010 are as shown in the following table.  
10 Further details are shown in Attachment 1.

11

Date	Current Activity	Balance
December 31, 2007	\$(6,262,077)	\$(6,262,077)
December 31, 2008	\$(10,315,182)	\$(16,557,259)
June 30, 2009	\$(12,229,095)	\$(28,806,354)
December 31, 2009	\$(24,710,857)	\$(41,288,116)
December 31, 2010	\$(16,763,725)	\$(58,051,841)

**IC-NLH-22, Attachment 1, Page 57 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Industrial**  
**Dec-07**

**CA-NLH-24**  
**Attachment 1**  
**Page 1 of 5**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh) <b>(B - A)</b>	Cost of Service No. 6 Fuel Cost (\$)	Firm Energy Rate (\$/kWh)	Load Variation (\$) <b>C x {(D/O<sup>1</sup>) - E}</b>
January	78,300,000	64,661,303	(13,638,697)	54.17	0.03676	(671,353)
February	70,900,000	64,524,850	(6,375,150)	54.73	0.03676	(319,478)
March	76,600,000	75,618,369	(981,631)	55.46	0.03676	(50,330)
April	75,600,000	68,492,990	(7,107,010)	55.46	0.03676	(364,389)
May	69,500,000	75,131,721	5,631,721	55.46	0.03676	288,748
June	73,800,000	72,593,859	(1,206,141)	54.49	0.03676	(59,984)
July	77,500,000	71,183,392	(6,316,608)	54.49	0.03676	(314,138)
August	77,900,000	72,987,173	(4,912,827)	54.49	0.03676	(244,325)
September	73,000,000	56,815,785	(16,184,215)	54.49	0.03676	(804,874)
October	74,400,000	49,072,646	(25,327,354)	54.56	0.03676	(1,262,396)
November	74,100,000	46,331,086	(27,768,914)	54.56	0.03676	(1,384,091)
December	72,700,000	53,785,383	(18,914,617)	58.98	0.03676	(1,075,467)
	<u>894,300,000</u>	<u>771,198,557</u>	<u>(123,101,443)</u>			<u>(6,262,077)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 58 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Industrial**  
**Dec-08**

**CA-NLH-24**  
**Attachment 1**  
**Page 2 of 5**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b>
January	78,300,000	51,079,860	(27,220,140)	54.17	0.03676	(1,339,888)
February	70,900,000	52,387,448	(18,512,552)	54.73	0.03676	(927,720)
March	76,600,000	55,240,151	(21,359,849)	55.46	0.03676	(1,095,157)
April	75,600,000	59,372,548	(16,227,452)	55.46	0.03676	(832,010)
May	69,500,000	57,229,347	(12,270,653)	55.46	0.03676	(629,138)
June	73,800,000	56,004,405	(17,795,595)	54.49	0.03676	(885,012)
July	77,500,000	57,664,475	(19,835,525)	54.49	0.03676	(986,462)
August	77,900,000	56,228,407	(21,671,593)	54.49	0.03676	(1,077,773)
September	73,000,000	54,523,317	(18,476,683)	54.49	0.03676	(918,884)
October	74,400,000	61,772,188	(12,627,812)	54.56	0.03676	(629,410)
November	74,100,000	68,895,119	(5,204,881)	54.56	0.03676	(259,428)
December	72,700,000	59,785,606	(12,914,394)	58.98	0.03676	(734,300)
	<u>894,300,000</u>	<u>690,182,871</u>	<u>(204,117,129)</u>			<u>(10,315,182)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Load Variation - Industrial  
Jun-09

CA-NLH-24  
Attachment 1  
Page 3 of 5

	A	B	C	D	E	F
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh) (B - A)	Cost of Service No. 6 Fuel Cost (\$)	Firm Energy Rate (\$/kWh)	Load Variation (\$) $C \times \{(D/O^1) - E\}$
January	78,300,000	50,646,871	(27,653,129)	54.17	0.03676	(1,361,201)
February	70,900,000	42,933,788	(27,966,212)	54.73	0.03676	(1,401,471)
March	76,600,000	41,308,959	(35,291,041)	55.46	0.03676	(1,809,433)
April	75,600,000	18,325,451	(57,274,549)	55.46	0.03676	(2,936,566)
May	69,500,000	19,887,268	(49,612,732)	55.46	0.03676	(2,543,731)
June	73,800,000	30,031,606	(43,768,394)	54.49	0.03676	(2,176,693)
July						
August						
September						
October						
November						
December						
	444,700,000	203,133,943	(241,566,057)			(12,229,095)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Load Variation - Industrial  
Dec-09

CA-NLH-24  
Attachment 1  
Page 4 of 5

	A	B	C	D	E	F
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh) (B - A)	Cost of Service No. 6 Fuel Cost (\$)	Firm Energy Rate (\$/kWh)	Load Variation (\$) $C \times \{(D/O^1) - E\}$
January	78,300,000	50,646,871	(27,653,129)	54.17	0.03676	(1,361,201)
February	70,900,000	42,933,788	(27,966,212)	54.73	0.03676	(1,401,471)
March	76,600,000	41,308,959	(35,291,041)	55.46	0.03676	(1,809,433)
April	75,600,000	18,325,451	(57,274,549)	55.46	0.03676	(2,936,566)
May	69,500,000	19,887,268	(49,612,732)	55.46	0.03676	(2,543,731)
June	73,800,000	30,031,606	(43,768,394)	54.49	0.03676	(2,176,693)
July	77,500,000	34,100,000	(43,400,000)	54.49	0.03676	(2,158,372)
August	77,900,000	34,000,000	(43,900,000)	54.49	0.03676	(2,183,238)
September	73,000,000	32,700,000	(40,300,000)	54.49	0.03676	(2,004,202)
October	74,400,000	34,900,000	(39,500,000)	54.56	0.03676	(1,968,805)
November	74,100,000	34,300,000	(39,800,000)	54.56	0.03676	(1,983,758)
December	72,700,000	34,300,000	(38,400,000)	58.98	0.03676	(2,183,387)
	894,300,000	407,433,943	(486,866,057)			(24,710,857)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Load Variation - Industrial  
Dec-10

CA-NLH-24  
Attachment 1  
Page 5 of 5

	A	B	C	D	E	F
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh) (B - A)	Cost of Service No. 6 Fuel Cost (\$)	Firm Energy Rate (\$/kWh)	Load Variation <sup>2</sup> (\$) $C \times \{(D/O^1) - E\}$
January	78,300,000	48,600,000	(29,700,000)	54.17	0.03676	(1,461,957)
February	70,900,000	43,800,000	(27,100,000)	54.73	0.03676	(1,358,063)
March	76,600,000	48,700,000	(27,900,000)	55.46	0.03676	(1,430,482)
April	75,600,000	46,500,000	(29,100,000)	55.46	0.03676	(1,492,008)
May	69,500,000	48,000,000	(21,500,000)	55.46	0.03676	(1,102,343)
June	73,800,000	46,400,000	(27,400,000)	54.49	0.03676	(1,362,659)
July	77,500,000	47,600,000	(29,900,000)	54.49	0.03676	(1,486,989)
August	77,900,000	47,600,000	(30,300,000)	54.49	0.03676	(1,506,882)
September	73,000,000	44,800,000	(28,200,000)	54.49	0.03676	(1,402,444)
October	74,400,000	48,400,000	(26,000,000)	54.56	0.03676	(1,295,923)
November	74,100,000	46,300,000	(27,800,000)	54.56	0.03676	(1,385,640)
December	72,700,000	46,700,000	(26,000,000)	58.98	0.03676	(1,478,335)
	894,300,000	563,400,000	(330,900,000)			(16,763,725)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) Load Variation decrease in 2010 is primarily a result of increased forecast actual sales to CBPP.

1 Q. Please provide a table showing average rates in cents/kWh on January 1 of 2007,  
2 2008, 2009, 2010, 2011 and 2012 for NP and each IC, and the ICs in total, assuming  
3 disbursement of the RSP balance owing to the IC load variation component  
4 consistent with the current methodology. Please assume there would be a General  
5 Rate Application filed in 2010 for rates effective January 1, 2011 with a 2011 Test  
6 Year based on the assumptions in the response to PUB-NLH-22.

7  
8  
9 A. Please refer to the table below for the average rates in cents/kWh on January 1,  
10 2007, 2008, 2009, and 2010 for NP and each IC, and the ICs in total, assuming  
11 disbursement of the RSP balance owing to the IC load variation component  
12 consistent with the current methodology. Detailed rate design is not available for  
13 2011 and 2012 as previously stated in CA-NLH-4.

	Average Rates (cents/kWh)					
	2007	2008	2009*	2010*	2011	2012
Newfoundland Power (July-January)	6.6719	7.2597	6.6542	6.8533	6.7480	7.5990
Industrial Customers (January-December)						
Abitibi Consolidated - Stephenville	9.2537	N/A	N/A	N/A		
Abitibi Consolidated - Grand Falls	4.6185	3.9737	9.9780	N/A		
Corner Brook Pulp & Paper	4.0697	3.3348	6.7146	-3.9260		
North Atlantic Refining Ltd.	3.9586	3.3037	5.0207	-4.0860		
Teck Resources Ltd.	3.4742	3.8358	5.3233	-3.6445		
Vale Inco	N/A	N/A	N/A	N/A		
Total Industrial	4.0801	3.4558	5.6190	-3.9672	-3.7230	6.197

\* The forecast average rates for 2009 and 2010 in CA-NLH-4 were reported incorrectly and have been corrected here.

**RSP Components to be charged to Industrial Customers**

---

1     Q.     PUB-NLH-26 (Rev 1 July 31-09) shows that NP would receive a rate reduction of  
2           12.1% if the IC RSP balance owing to the load variation component were disbursed  
3           on Dec 31, 2009 on the basis of 2009 load share. Please provide an estimate of the  
4           percentage rate reduction that retail customers would receive if NP were to receive  
5           a 12.1% rate decrease.

6

7

8     A.     It is estimated that the retail customers would receive a rate reduction of  
9           approximately 8% if NP were to receive a 12.1% rate decrease.

**RSP Components to be charged to Industrial Customers**

1 Q. With regard to the most recent draft of the report entitled Review of the Rate  
2 Stabilization Plan, please provide the following:

3  
4 (a) An update to the following Table 1 to show data for all of 2008 and for 2009;

5

**Table 1: Customer Plan Balances**

RSP Balances (\$000)				
	Newfoundland Power	Industrial Customers	Hydraulic Variation	Total RSP
2000	22,684	12,056	-	34,740
2001	60,300	24,768	-	85,068
2002	92,060	32,711	-	124,771
2003	114,790	40,914	-	155,704
2004	106,570	35,986	(5,521)	137,035
2005	79,900	23,790	(10,625)	93,065
2006	20,852	(7,391)	-	13,461
2007	(2,606)	(8,829)	(14,820)	(26,255)
June-2008	7,108	(10,441)	(37,220)	(40,553)

6

7

8 (b) An update to the following Table 2 to show data for all of 2008 and for 2009;

9

**Table 2: Summary of No. 6 Fuel Consumption and Price Variation**

No. 6 Fuel Consumption and Price Variation				
	No. 6 Fuel expense (\$000)	\$/bbl	Number of barrels	No. 6 Fuel Price Variation (\$000)
January - December 2007	107,369	0.05	2,044,648	(5,772)
January - June 2008	81,668	0.07	1,155,275	18,119

10

11

Please develop Table 7 based on actual experience over the past 15 years  
comparing account balances and customer impacts (annual rate change) under: 1)  
current design; 2) current design with 33% of balance write-off; 3) discreet write-off  
of 25%; and 4) discreet write-off of 33%;

RSP Components to be charged to Industrial Customers

Table 7: 25% Balance Write-off of Hydraulic Variation

Hydraulic Variation Balance (NP 42 NLH 2006 GRA)							
Year	Net Hydraulic	NP		Industrial Customer		Hydraulic	Balance
	Production Variation (\$)	25% Allocation (\$)	Allocation (\$)	Rate Estimate Allocation (mills/kWh)	Rate Estimate Allocation (\$)	Rate Estimate Allocation (mills/kWh)	
1990	39,993,072	9,998,268	8,598,510	1.86	1,299,775	1.74	29,994,804
1991	(8,201,537)	5,448,317	4,685,553	1.01	708,281	0.95	16,344,950
1992	(840,909)	3,876,010	3,333,369	0.72	503,881	0.67	11,628,031
1993	(20,206,763)	(2,144,683)	(1,844,427)	(0.40)	(278,809)	(0.37)	(6,434,049)
1994	(74,052,567)	(20,121,654)	(17,304,622)	(3.75)	(2,615,815)	(3.49)	(60,364,962)
1995	(16,117,130)	(19,120,523)	(16,443,650)	(3.56)	(2,485,668)	(3.32)	(57,361,569)
1996	(32,092,623)	(22,363,548)	(19,232,651)	(4.17)	(2,907,261)	(3.88)	(67,090,644)
1997	(36,985,752)	(26,019,099)	(22,376,425)	(4.85)	(3,382,483)	(4.52)	(78,057,297)
1998	(19,549,357)	(24,401,664)	(20,985,431)	(4.55)	(3,172,216)	(4.23)	(73,204,990)
1999	(53,237,392)	(31,610,596)	(27,185,113)	(5.89)	(4,109,377)	(5.49)	(94,831,786)
2000	(71,921,789)	(41,688,394)	(35,852,019)	(7.77)	(5,419,491)	(7.23)	(125,065,181)
2001	22,444,437	(25,655,186)	(22,063,460)	(4.78)	(3,335,174)	(4.45)	(76,965,558)
2002	14,377,410	(15,647,037)	(13,456,452)	(2.91)	(2,034,115)	(2.72)	(46,941,111)
2003	9,255,346	(9,421,441)	(8,102,439)	(1.75)	(1,224,787)	(1.64)	(28,264,324)
2004	(16,258,766)	(11,130,773)	(9,572,465)	(2.07)	(1,447,000)	(1.93)	(33,392,317)
2005	(16,700,599)	(12,523,229)	(10,769,977)	(2.33)	(1,628,020)	(2.17)	(37,569,687)
2006 <sup>(3)</sup>	(22,675,152)	(15,061,210)	(12,952,641)	(2.81)	(1,957,957)	(2.61)	(45,183,629)

1

2

- (c) An update to the following Table 9 to show data for all of 2008 and for 2009;  
and

3

4

Table 9: Utility Load Variation

Utility Load Variation			
	Variance GWh	Test Year in effect	Load Variation \$
January - December 2005	(108.9)	2004	301,200
January - December 2006	(155.9)	2004	100,092
January - December 2007	64.6	2007	253,840
January - June 2008	86.0	2007	(53,565)

5

6

7

- (d) Please provide the same Table 9 as requested in (d), but for the ICs.

**RSP Components to be charged to Industrial Customers**

A. (a) Please see Table 1 below which has been updated to include 2008 and 2009 data.

**Table 1: Customer Plan Balances**

RSP Balances (\$000)				
	Newfoundland Power	Industrial Customers	Hydraulic Variation	Total RSP
2000	22,684	12,056	-	34,740
2001	60,300	24,768	-	85,068
2002	92,060	32,711	-	124,771
2003	114,790	40,914	-	155,704
2004	106,570	35,986	(5,521)	137,035
2005	79,900	23,790	(10,625)	93,065
2006	20,852	(7,391)	-	13,461
2007	(2,606)	(8,829)	(14,820)	(26,255)
2008	(10,330)	(11,994)	(30,903)	(53,227)
2009	(52,940)	(36,875)	(32,181)	(121,996)

(b) Please see Table 2 below which has been updated to include 2008 and 2009 data.

**Table 2: Summary of No. 6 Fuel Consumption and Price Variation**

No. 6 Fuel Consumption and Price Variation				
	No. 6 Fuel expense (\$000)	\$/bbl	Number of barrels	No. 6 Fuel Price Variation (\$000)
January - December 2007	107,369	0.05	2,044,648	(5,772)
January - December 2008	123,754	0.07	1,728,681	27,745
January - December 2009	80,587	0.05	1,534,707	(4,523)

(c) Please see Table 7 below which has been updated to include the past 15 years balances and customer impacts.

**RSP Components to be charged to Industrial Customers**

**1) Current Design**

**Table 7:25% Balance Write-off of Hydraulic Variation**

Hydraulic Variation Balance (NP 42 NLH 2006 GRA)							
Year	Net Hydraulic	NP		Industrial Customer		Hydraulic	Balance
	Production Variation (\$)	25% Allocation (\$)	Allocation <sup>(1)</sup> (\$)	Rate Estimate Allocation (mills/kWh)	Allocation (\$)	Rate Estimate Allocation (mills/kWh)	
1995	(3,733,000)	(933,250)	(695,936)	(0.17)	(195,506)	(0.16)	(2,799,750)
1996	(7,419,000)	(2,554,688)	(1,885,560)	(0.45)	(546,219)	(0.45)	(7,664,062)
1997	(8,545,000)	(4,052,266)	(2,972,488)	(0.69)	(860,820)	(0.68)	(12,156,796)
1998	(967,000)	(3,280,949)	(2,511,434)	(0.60)	(576,858)	(0.60)	(9,842,847)
1999	(15,859,000)	(6,425,462)	(4,711,190)	(1.15)	(1,337,150)	(1.14)	(19,276,385)
2000	(16,614,000)	(8,972,596)	(6,554,963)	(1.54)	(1,890,295)	(1.52)	(26,917,789)
2001	5,243,000	(5,418,697)	(4,035,620)	(0.91)	(1,079,180)	(0.90)	(16,256,092)
2002	6,967,000	(2,322,273)	(1,703,029)	(0.37)	(487,113)	(0.37)	(6,966,819)
2003	4,131,000	(708,955)	(523,974)	(0.11)	(145,377)	(0.11)	(2,126,864)
2004	(7,362,037)	(2,372,225)	(1,724,556)	(0.37)	(519,925)	(0.36)	(7,116,676)
2005	(8,645,731)	(3,940,602)	(2,951,854)	(0.63)	(775,917)	(0.63)	(11,821,805)
2006	(10,678,146)	(5,624,988)	(4,565,473)	(0.99)	(734,307)	(0.98)	(16,874,963)
2007	(19,760,624)	(9,158,897)	(7,482,847)	(1.50)	(1,146,284)	(1.49)	(27,476,690)
2008	(26,383,315)	(13,465,001)	(11,117,048)	(2.24)	(1,533,141)	(2.22)	(40,395,004)
2009	(12,005,544)	(13,100,137)	(11,427,350)	(2.24)	(852,715)	(2.22)	(39,300,411)

<sup>(1)</sup> Net of Rural 10.9% Labrador Interconnected Write-Off

**2) Current Design with 33% of balance write-off**

**Table 7:33% Balance Write-off of Hydraulic Variation**

Hydraulic Variation Balance (NP 42 NLH 2006 GRA)							
Year	Net Hydraulic	NP		Industrial Customer		Hydraulic	Balance
	Production Variation (\$)	33% Allocation (\$)	Allocation <sup>(1)</sup> (\$)	Rate Estimate Allocation (mills/kWh)	Allocation (\$)	Rate Estimate Allocation (mills/kWh)	
1995	(3,733,000)	(1,231,890)	(918,635)	(0.22)	(258,067)	(0.22)	(2,501,110)
1996	(7,419,000)	(3,273,636)	(2,416,200)	(0.58)	(699,937)	(0.57)	(6,646,474)
1997	(8,545,000)	(5,013,186)	(3,677,359)	(0.85)	(1,064,947)	(0.85)	(10,178,288)
1998	(967,000)	(3,677,945)	(2,815,319)	(0.68)	(646,658)	(0.67)	(7,467,343)
1999	(15,859,000)	(7,697,693)	(5,643,998)	(1.38)	(1,601,903)	(1.37)	(15,628,650)
2000	(16,614,000)	(10,640,075)	(7,773,145)	(1.82)	(2,241,590)	(1.81)	(21,602,575)
2001	5,243,000	(5,398,660)	(4,020,698)	(0.91)	(1,075,189)	(0.90)	(10,960,915)
2002	6,967,000	(1,317,992)	(966,544)	(0.21)	(276,458)	(0.21)	(2,675,923)
2003	4,131,000	480,175	354,888	0.08	98,464	0.08	974,902
2004	(7,362,037)	(2,107,755)	(1,532,292)	(0.33)	(461,961)	(0.32)	(4,279,380)
2005	(8,645,731)	(4,265,287)	(3,195,071)	(0.69)	(839,848)	(0.68)	(8,659,824)
2006	(10,678,146)	(6,381,530)	(5,179,513)	(1.12)	(833,069)	(1.11)	(12,956,440)
2007	(19,760,624)	(10,796,631)	(8,820,881)	(1.77)	(1,351,255)	(1.75)	(21,920,433)
2008	(26,383,315)	(15,940,237)	(13,160,666)	(2.65)	(1,814,974)	(2.63)	(32,363,511)
2009	(12,005,544)	(14,641,788)	(12,772,144)	(2.50)	(953,064)	(2.48)	(29,727,267)

<sup>(1)</sup> Net of Rural 10.9% Labrador Interconnected Write-Off

**RSP Components to be charged to Industrial Customers**

1                    3)        Discreet write-off of 25%

2

**Table 7:25% Discrete Balance Write-off of Hydraulic Variation**

Hydraulic Variation Balance (NP 42 NLH 2006 GRA)							
Year	Net Hydraulic	NP		Industrial Customer		Hydraulic	Balance
	Production Variation (\$)	25% Allocation (\$)	Allocation <sup>(1)</sup> (\$)	Rate Estimate Allocation (mills/kWh)	Allocation (\$)	Rate Estimate Allocation (mills/kWh)	
1995	(3,733,000)	(933,250)	(695,936)	(0.17)	(195,506)	(0.16)	(2,799,750)
1996	(7,419,000)	(2,788,000)	(2,057,762)	(0.49)	(596,103)	(0.49)	(7,430,750)
1997	(8,545,000)	(4,924,250)	(3,612,121)	(0.84)	(1,046,054)	(0.83)	(11,051,500)
1998	(967,000)	(5,166,000)	(3,954,365)	(0.95)	(908,289)	(0.94)	(6,852,500)
1999	(15,859,000)	(8,197,500)	(6,010,460)	(1.47)	(1,705,914)	(1.46)	(14,514,000)
2000	(16,614,000)	(10,496,250)	(7,668,073)	(1.80)	(2,211,290)	(1.78)	(20,631,750)
2001	5,243,000	(7,049,250)	(5,249,989)	(1.19)	(1,403,918)	(1.18)	(8,339,500)
2002	6,967,000	(5,065,750)	(3,714,947)	(0.81)	(1,062,575)	(0.80)	3,693,250
2003	4,131,000	(68,250)	(50,442)	(0.01)	(13,995)	(0.01)	7,892,500
2004	(7,362,037)	2,244,741	1,631,878	0.35	491,984	0.34	(1,714,278)
2005	(8,645,731)	(1,227,442)	(919,461)	(0.20)	(241,687)	(0.20)	(9,132,567)
2006	(10,678,146)	(5,638,729)	(4,576,625)	(0.99)	(736,101)	(0.98)	(14,171,984)
2007	(19,760,624)	(11,611,635)	(9,486,742)	(1.90)	(1,453,257)	(1.88)	(22,320,973)
2008	(26,383,315)	(16,366,954)	(13,512,974)	(2.72)	(1,863,560)	(2.70)	(32,337,334)
2009	(12,005,544)	(17,206,907)	(15,009,717)	(2.94)	(1,120,033)	(2.91)	(27,135,971)

<sup>(1)</sup> Net of Rural 10.9% Labrador Interconnected Write-Off

3

4

5                    4)        Discreet write-off of 33%

6

**Table 7:33% Discrete Balance Write-off of Hydraulic Variation**

Hydraulic Variation Balance (NP 42 NLH 2006 GRA)							
Year	Net Hydraulic	NP		Industrial Customer		Hydraulic	Balance
	Production Variation (\$)	33% Allocation (\$)	Allocation <sup>(1)</sup> (\$)	Rate Estimate Allocation (mills/kWh)	Allocation (\$)	Rate Estimate Allocation (mills/kWh)	
1995	(3,733,000)	(1,244,333)	(927,914)	(0.22)	(260,674)	(0.22)	(2,488,667)
1996	(7,419,000)	(3,717,333)	(2,743,683)	(0.66)	(794,804)	(0.65)	(6,190,334)
1997	(8,545,000)	(6,565,667)	(4,816,162)	(1.12)	(1,394,739)	(1.11)	(8,169,667)
1998	(967,000)	(5,643,667)	(4,320,000)	(1.04)	(992,273)	(1.03)	(3,493,000)
1999	(15,859,000)	(8,457,000)	(6,200,727)	(1.52)	(1,759,917)	(1.50)	(10,895,000)
2000	(16,614,000)	(11,146,667)	(8,143,238)	(1.91)	(2,348,316)	(1.89)	(16,362,333)
2001	5,243,000	(9,076,667)	(6,759,925)	(1.53)	(1,807,695)	(1.51)	(2,042,666)
2002	6,967,000	(1,468,000)	(1,076,552)	(0.23)	(307,923)	(0.23)	6,392,334
2003	4,131,000	5,447,000	4,025,767	0.87	1,116,949	0.86	5,076,334
2004	(7,362,037)	1,245,321	905,321	0.19	272,939	0.19	(3,531,024)
2005	(8,645,731)	(3,958,923)	(2,965,578)	(0.64)	(779,524)	(0.63)	(8,217,832)
2006	(10,678,146)	(8,895,305)	(7,219,797)	(1.56)	(1,161,226)	(1.55)	(10,000,673)
2007	(19,760,624)	(13,028,167)	(10,644,053)	(2.13)	(1,630,543)	(2.11)	(16,733,130)
2008	(26,383,315)	(18,940,695)	(15,637,920)	(3.15)	(2,156,610)	(3.12)	(24,175,750)
2009	(12,005,544)	(19,383,161)	(16,908,080)	(3.31)	(1,261,690)	(3.28)	(16,798,133)

<sup>(1)</sup> Net of Rural 10.9% Labrador Interconnected Write-Off

7

**RSP Components to be charged to Industrial Customers**

(d) Please see Table 9 below which has been updated to include 2008 and 2009 data.

**Table 9: Utility Load Variation**

Utility Load Variation			
	Variance GWh	Test Year in effect	Load Variation \$
January - December 2005	(108.9)	2004	301,200
January - December 2006	(155.9)	2004	100,092
January - December 2007	64.6	2007	253,840
January - December 2008	33.8	2007	(26,253)
January - December 2009	178.2	2007	(152,989)

(e) Please see the Table below for the Industrial Customer load variation.

Industrial Customer Load Variation			
	Variance GWh	Test Year in effect	Load Variation \$
January - December 2005	(97.9)	2004	(1,732,013)
January - December 2006	(585.7)	2004	(11,541,761)
January - December 2007	(123.1)	2007	(6,262,077)
January - December 2008	(204.1)	2007	(10,315,182)
January - December 2009	(509.5)	2007	(25,874,401)

1 Q. Please provide details of Applications relating to Aur Resources when it first came  
2 online. Did the Board initially approve “interim rates” for Aur Resources and  
3 subsequently approve final rates with the difference accumulated over the period  
4 the rates were interim refunded to the customer?

5

6

7 A. Hydro made application to the Board of Commissioners of Public Utilities (the  
8 Board) on January 18<sup>th</sup> 2006 requesting (1) approval of a Service Agreement setting  
9 out the terms and conditions of service to Aur Resources Inc; and (2) approval, both  
10 on an interim and final basis, of the rates for which service will be provided. The  
11 Service Agreement was, in most respects, identical to the Service Agreements that  
12 apply to other Industrial Customers. The only difference was the determination of  
13 billing demand (Clause 2.06 of the Service Agreement) for the year 2006 in that the  
14 customer would pay demand charges based upon its highest firm demand in that  
15 month, as opposed to its highest firm demand in that year. This difference was  
16 proposed to reflect the variability in load that this customer would anticipate in a  
17 year of construction, commissioning and testing activities.

18

19 Hydro’s request that rates be approved on an interim basis was intended to allow  
20 for the provision of power and energy to Aur Resources Inc. with the shortest of  
21 delays at the same rates as those paid by other Industrial Customers and that Hydro  
22 would refund any overcollection deemed to have occurred if the Board later  
23 determined that the Historical Plan Balance of the Rate Stabilization Plan (RSP)  
24 would not be a component of the rates to be charged to Aur Resources Inc. A  
25 Specifically Assigned Charge was not proposed due to the fact that in the absence  
26 of an approved cost of service study such a charge could not be accurately  
27 determined for any one customer. Also, Hydro had entered into an agreement with

**RSP Components to be charged to Industrial Customers**

---

Aur Resources Inc. whereby it was already recovering the capital costs associated with the transmission interconnection, as approved by the Board in Order Nos. P.U. 3(2005) and P.U. 12(2005).

With regards to final approval of the rates to be charged to Aur Resources Inc., Hydro proposed that the RSP adjustment rate that applied to Aur Resources Inc. be different than that charged to the other Industrial Customers in that the adjustment rate charged to Aur Resources Inc. would not include an amount attributable to the Historical Plan Balance of the RSP, as these costs predated Aur Resources Inc. becoming an Industrial Customer of Hydro.

The Board, in Order P.U. 1(2006), dated January 20, 2006 approved, on an interim basis, rates for Aur Resources Inc. which included the Historical Plan Balance portion of the RSP, a Specifically Assigned Charge of \$150,000, and a demand charge which for 2006 was to be applied to the highest firm demand in the month.

On January 18, 2007, the Board in Order P.U. 1(2007) approved the rates, rules and regulations for Aur Resources Inc. such that rates would be similar to those of other Industrial Customers except that:

- 1) For 2006 the demand charge should be based on the highest firm demand in the month;
- 2) Rates should exclude the Historical Plan Balance of the RSP; and
- 3) Until a new full Cost of Service Study is completed and reviewed, rates should not include a Specifically Assigned Charge.

The Board also approved in Order P.U. 1(2007) a refund or credit to Aur Resources Inc. in the amount of the difference for 2006 between the rates approved in this order and those approved in Order No. P.U. 1(2006).

1 Q. Hydro is making application that the existing Island Industrial Customer interim  
2 rates, excepting those for Teck Resources Limited (formerly Teck Cominco Limited),  
3 be made final, on the basis that application of the existing RSP rules to calculate  
4 (final) rates for Industrial Customers would result "in significant and unreasonable  
5 rate volatility". Explain how the approval of the interim rates would be consistent  
6 with the requirement under Section 3 of the *EPCA* that Hydro's rates should be set  
7 in such a manner as to "result in power being delivered to consumers in the  
8 province at the lowest possible cost consistent with reliable service".  
9  
10

11 A. Schedule B to Hydro's Application of June 30, 2009 illustrates the 'significant and  
12 unreasonable rate volatility' that was the basis of Hydro's application. Such was the  
13 forecast volatility, that, under the assumptions used, Island Industrial Customers  
14 would receive essentially free electricity in 2010 as illustrated in the charts shown  
15 on Schedule B of the Application. The potentially free electricity for Industrial  
16 Customers results from a shortcoming in the design of the load variation  
17 component of the RSP which does not fairly allocate energy costs among all  
18 customer classes and becomes particularly evident if there is significant loss or gain  
19 of industrial load between test years. As outlined in response to NP-NLH-9, Hydro  
20 considers that its conclusion with regard to the load variation component of the  
21 RSP, which was outlined in its 2006 RSP report, is a fairer method to allocate the  
22 load variation balance of the Plan. The approval of the interim rates and the  
23 modification of the rules of the RSP to reflect the recommended change would, in  
24 Hydro's opinion, be consistent with the requirement under Section 3 of the *EPCA*  
25 that Hydro's rates should be set in such a manner as to result in power being  
26 delivered to **all** consumers in the province at the lowest possible cost consistent  
27 with reliable service [emphasis Hydro].

- 1 Q. As Hydro's stated concern is with "significant and unreasonable rate volatility",  
2 explain as to why this concern cannot be addressed by setting as the final rates for  
3 the Industrial Customers rates which are different from, and lower than, the interim  
4 rates, so as to take into account the credit balance in favour of the Industrial  
5 Customers in the Current Rate Stabilization Plan  
6  
7  
8 A. Please see the response to IC-NLH-1.

1 Q. Explain why there remained a Historical RSP Balance of (\$1,382,925) at the end of  
2 the five year collection period to recover the Historical Balance, notwithstanding  
3 Hydro's projection, as represented in Table 13 to the "Review of the Operation of  
4 the Rate Stabilization Plan", that the Historical Plan balance would be paid down  
5 completely by December 2007 and notwithstanding the Province's payment of  
6 \$10.0 million to Hydro in October 2006 to allow Hydro "to recover the historical  
7 deficit on time, without passing additional costs onto the remaining industrial  
8 customers" (in the words of the Honourable Minister Dunderdale at the time),  
9 which additional costs would have otherwise arisen due to the shutdown of the  
10 Abitibi mill in Stephenville, as approved by P.U. 31(2006).

11

12

13 A. The Industrial Customer RSP Historical Rate for 2007 was based on the balance at  
14 December 31, 2006 divided by actual kWh Industrial Customer Sales for 2006.  
15 Under this methodology, a balance remaining would be expected due to interest  
16 charged to the plan during 2007 and a difference in recovery resulting from actual  
17 kWhs varying from the forecasted kWhs used in the mill rate calculation. For 2007,  
18 the balance remaining at year end was also affected by Board Order Nos. P.U. 1 and  
19 8 (2007). The contribution of each of these components to the balance remaining is  
20 quantified in the table below.

**RSP Components to be charged to Industrial Customers**

Analysis of Industrial Customers Historical RSP Balance remaining at the end of the five year collection period	
	\$ 000's
Allocation of hydraulic variation to Industrial Customers per Board Order No. P.U. 8 (2007)	(2,086) See IC-NLH-4 attachment 1 page 13 note 3
Refund to Aur Resources per Board Order No. P.U. 1 (2007)	129 See IC-NLH-4 attachment 1 page 13 note 4
Interest charged to the Industrial Customer Historical Plan Balance in 2007	219 See IC-NLH-4 attachment 1 page 13 column E
Variance in recovery of historical balance due to kWh variance	Calculated using a kWh variance of 29,265,517
	355 multiplied by rate of 1.215 cents per kWh
	<u>(1,383)</u> Credit balance due to Industrial Customers

**RSP Components to be charged to Industrial Customers**

---

1 Q. Provide all RSP monthly reports from January 2007 to date.

2

3

4 A. Please see the attached annual RSP reports, which include the monthly balances,  
5 for the years 2007, 2008 and 2009 to date.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN REPORT**  
**DECEMBER, 2007**

## RATE STABILIZATION PLAN REPORT

### Summary of Key Facts

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

	2007 Test Year Cost of Service			
	Net Hydraulic	No. 6 Fuel	Utility	Industrial
	Production	Cost	Load	Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	<u>4,472,070,000</u>		<u>4,925,800,000</u>	<u>894,300,000</u>

- 2 -

Plan Highlights

Hydraulic Production

Year-to-date hydraulic production is 217.4 GWh more than the Cost of Service production of 4,472.1 GWh resulting in a fuel savings of \$20,884,529 in the hydraulic variation account. (See page 4)

No. 6 Fuel Cost

The No.6 fuel cost for the month of December was \$66.01, \$7.03 more than the Cost of Service. Lower year-to-date average fuel costs have resulted in a year-to-date amount of \$5,771,537 due to Customers. (See page 5)

Customer Load

Utility sales are up 64.5 GWh year-to-date compared with the Cost of Service Sales of 4,925.8 GWh resulting in \$253,840 due from the utility customer. (See page 8)

Industrial sales are down 123.1 GWh year-to-date compared with the Cost of Service Sales of 894.3 GWh resulting in \$6,262,077 due to industrial customers. (See page 9)

Rural Rates

A net amount of \$42,585 assigned to Labrador Interconnected Customers is removed from the plan and written off to Hydro's net income (loss). This year-to-date amount is calculated as follows:

Rural rate alteration (RRA)	\$ 1,861,804	charge <sup>(1)</sup>
Less RRA to utility customer	<u>1,658,868</u>	charge (see page 10)
RRA to Labrador Interconnected	202,936	charge
Fuel variance to Labrador Interconnected	(40,840)	savings (see page 6)
Hydraulic variance allocation adjustment	<u>(118,398)</u>	savings (see schedule A)
Net Labrador Interconnected	<u>\$ 43,698</u>	net charge

<sup>(1)</sup> Beginning January 2007, the RRA includes a monthly amount of \$92,560. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 14 (2007) issued August 17, 2007.

**Plan Highlights Continued**

**Current Plan Summary**

Balances below from utility and industrial customers are expected to be recovered in one year. In addition, at December 31, 25% of the hydraulic variance and 100% of the related financing charges was allocated between industrial (\$758,949 due to Customers) and utility customers (\$5,262,203 due to Customers) and to be repaid in one year. The balances are comprised of the following:

Utility Customer	\$ (9,397,169)	due to customer <sup>(3)</sup>
Utility Customer – 25% Hydraulic balance	<u>(5,262,203)</u>	due to customer
<b>Sub-total Utility</b>	<b>(14,659,372)</b>	
Industrial Customers	(6,687,095)	due to customer
Industrial Customers – 25% Hydraulic variance	(758,949)	due to customer
Industrial Customers: - 2003 balance	<u>(1,382,924)</u>	due to customers <sup>(4)</sup>
<b>Sub-total Industrial</b>	<b>(8,828,968)</b>	
Hydraulic Balance:	<u>(14,820,468)</u>	fuel savings <sup>(2)</sup>
<b>Total Plan Balance:</b>	<b><u><u>\$ (38,308,808)</u></u></b>	

**December 2003 Plan Balance**

The plan balances as at December 31, 2003 were consolidated and are being recovered over four years. Year-to-date recoveries for utility and industrial customers are \$24,093,414 and \$8,746,071 respectively. As of December 31, 2007 the balance of \$1,382,924 due to Industrial Customers has been transferred to the current plan in accordance with Section E of the Rate Stabilization Plan rules. The remaining balance of \$12,053,450<sup>3</sup> is due from the Utility Customer.

- (2) The amount represents the hydraulic balance for the current year to-date as the hydraulic balance at December 31, 2006 was allocated to industrial and utility customers as per P.U. 8. (2007).
- (3) December 2006 balances were adjusted in accordance with the provisions of the special adjustment to the RSP Hydraulic Production Variation as set out in Schedule B attached to Order P.U. 8 (2007).
- (4) The balance of the December 2003 Plan related to industrial customers will be recovered during 2008 as a component of the Current Plan in accordance with Section E of the Rate Stabilization Plan rules.

## 2013 RSP Application

- 4 -

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN

December 2007

## Net Hydraulic Production Variation

	<b>A</b> Cost of Service Net Hydraulic Production (kWh)	<b>B</b> Actual Net Hydraulic Production (kWh)	<b>C</b> Monthly Net Hydraulic Production Variance (kWh) (A - B)	<b>D</b> Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	<b>E</b> Net Hydraulic Production Variation (\$) (C / O <sup>1</sup> X D)	<b>F</b> Financing Charges (\$)	<b>G</b> Cumulative Variation and Financing Charges (\$) (E + F) (to page 12)
Opening balance <sup>(3)</sup>							0
January	427,100,000	531,972,339	(104,872,339)	54.17	(9,017,357)	0	(9,017,357)
February	388,680,000	490,775,513	(102,095,513)	54.73	(8,869,345)	(54,713)	(17,941,415)
March	415,080,000	467,302,785	(52,222,785)	55.46	(4,597,263)	(108,860)	(22,647,538)
April	355,520,000	400,656,711	(45,136,711)	55.46	(3,973,463)	(137,414)	(26,758,415)
May	324,240,000	335,838,684	(11,598,684)	55.46	(1,021,052)	(162,357)	(27,941,824)
June	328,500,000	281,234,508	47,265,492	54.49	4,088,090	(169,537)	(24,023,271)
July	386,790,000	275,130,963	111,659,037	54.49	9,657,621	(145,761)	(14,511,411)
August	379,140,000	344,850,651	34,289,349	54.49	2,965,757	(88,048)	(11,633,702)
September	363,560,000	355,535,026	8,024,974	54.49	694,097	(70,587)	(11,010,192)
October	340,510,000	322,786,684	17,723,316	54.56	1,534,895	(66,804)	(9,542,101)
November	364,390,000	371,392,165	(7,002,165)	54.56	(606,410)	(57,897)	(10,206,408)
December	398,560,000	511,957,801	(113,397,801)	58.98	(10,616,194)	(61,927)	(20,884,529)
	<u>4,472,070,000</u>	<u>4,689,433,830</u>	<u>(217,363,830)</u>		<u>(19,760,624)</u>	<u>(1,123,905)</u>	<u>(20,884,529)</u>
Hydraulic Allocation <sup>2</sup>					4,940,156	1,123,905	6,064,061
Hydraulic variation at year end					<u>(14,820,468)</u>	<u>-</u>	<u>(14,820,468)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

	<b>(from page 6)</b> 12 month kWh	% of kWh to total	Allocation	<b>(to pages 11 &amp; 12)</b> Reallocate Rural	Net
Utility	4,990,718,593	81.0%	4,911,447	350,756	5,262,203
Industrial	771,198,558	12.5%	758,949		758,949
Rural	400,018,423	6.5%	393,665	(393,665)	-
Total	<u>6,161,935,574</u>	<u>100.0%</u>	<u>6,064,061</u>	<u>(42,909)</u>	<u>6,021,152</u>
Labrador Inteconnected (write-off to income)				42,909	42,909
				<u>-</u>	<u>6,064,061</u>

(3) In accordance with PUB Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report.

NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

RATE STABILIZATION PLAN

No. 6 Fuel Variation

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	211,209	184	211,025	54.17	46.53	(7.64)	(1,612,231)
February	231,852	585	231,267	54.73	46.25	(8.48)	(1,961,147)
March	269,147	1,901	267,246	55.46	46.60	(8.86)	(2,367,797)
April	222,349	2,320	220,029	55.46	47.47	(7.99)	(1,758,031)
May	215,328	6,409	208,919	55.46	51.73	(3.73)	(779,268)
June	170,607	6,259	164,348	54.49	52.65	(1.84)	(302,399)
July	124,765	2,786	121,979	54.49	54.85	0.36	43,912
August	17,736	1,429	16,307	54.49	54.90	0.41	6,686
September	231	145	86	54.49	56.10	1.61	139
October	154,238	18	154,220	54.56	56.11	1.55	239,041
November	181,235	0	181,235	54.56	60.03	5.47	991,357
December	245,950	118	245,832	58.98	66.01	7.03	1,728,201
	<u>2,044,648</u>	<u>22,154</u>	<u>2,022,494</u>	<u>55.47</u>	<u>52.51</u>	<u>(2.96)</u>	<u>(5,771,537)</u>

**IC-NLH-22, Attachment 1, Page 83 of 541**  
**2013 RSP Application**

- 6 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Allocation of Fuel Variance – Year-to-Date**

**December 2007**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,661,863,479	749,734,721	374,020,081	5,785,618,281	(1,299,083)	(208,922)	(104,226)	(1,612,231)	(92,865)	(11,361)
February	4,699,613,239	756,787,987	375,955,265	5,832,356,491	(2,879,367)	(463,670)	(230,341)	(3,573,378)	(205,234)	(25,107)
March	4,715,725,889	773,537,749	379,723,680	5,868,987,318	(4,773,729)	(783,052)	(384,394)	(5,941,175)	(342,495)	(41,899)
April	4,779,221,431	780,435,589	382,343,048	5,942,000,068	(6,192,563)	(1,011,231)	(495,412)	(7,699,206)	(441,412)	(54,000)
May	4,834,932,413	792,423,226	386,603,082	6,013,958,721	(6,816,284)	(1,117,158)	(545,032)	(8,478,474)	(485,624)	(59,408)
June	4,868,431,946	795,936,264	390,313,494	6,054,681,704	(7,060,500)	(1,154,316)	(566,057)	(8,780,873)	(504,357)	(61,700)
July	4,881,848,366	796,326,557	391,675,595	6,069,850,518	(7,026,947)	(1,146,235)	(563,779)	(8,736,961)	(502,327)	(61,452)
August	4,878,879,744	804,630,152	393,535,158	6,077,045,054	(7,008,992)	(1,155,931)	(565,352)	(8,730,275)	(503,729)	(61,623)
September	4,890,302,421	802,684,146	394,303,282	6,087,289,849	(7,013,467)	(1,151,176)	(565,493)	(8,730,136)	(503,854)	(61,639)
October	4,915,887,352	792,629,130	394,486,611	6,103,003,093	(6,839,463)	(1,102,783)	(548,849)	(8,491,095)	(489,024)	(59,825)
November	4,945,742,586	777,878,124	396,548,060	6,120,168,770	(6,060,580)	(953,222)	(485,936)	(7,499,738)	(432,969)	(52,967)
December	4,990,718,593	771,198,558	400,018,423	6,161,935,574	(4,674,524)	(722,338)	(374,675)	(5,771,537)	(333,835)	(40,840)

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

RATE STABILIZATION PLAN

Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	(1,299,083)	(1,299,083)	(92,865)	(92,865)	(1,391,948)	(208,922)	(208,922)
February	(2,879,367)	(1,580,284)	(205,234)	(112,369)	(1,692,653)	(463,670)	(254,748)
March	(4,773,729)	(1,894,362)	(342,495)	(137,261)	(2,031,623)	(783,052)	(319,382)
April	(6,192,563)	(1,418,834)	(441,412)	(98,917)	(1,517,751)	(1,011,231)	(228,179)
May	(6,816,284)	(623,721)	(485,624)	(44,212)	(667,933)	(1,117,158)	(105,927)
June	(7,060,500)	(244,216)	(504,357)	(18,733)	(262,949)	(1,154,316)	(37,158)
July	(7,026,947)	33,553	(502,327)	2,030	35,583	(1,146,235)	8,081
August	(7,008,992)	17,955	(503,729)	(1,402)	16,553	(1,155,931)	(9,696)
September	(7,013,467)	(4,475)	(503,854)	(125)	(4,600)	(1,151,176)	4,755
October	(6,839,463)	174,004	(489,024)	14,830	188,834	(1,102,783)	48,393
November	(6,060,580)	778,883	(432,969)	56,055	834,938	(953,222)	149,561
December	(4,674,524)	1,386,056	(333,835)	99,134	1,485,190	(722,338)	230,884
		<u>(4,674,524)</u>		<u>(333,835)</u>	<u>(5,008,359)</u>		<u>(722,338)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 85 of 541**  
**2013 RSP Application**

- 8 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Load Variation - Utility**

**December 2007**

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate <sup>(2)</sup>	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			C x {(D/O <sup>1</sup> ) - E}				(G - H) x I	(F + J)
											(to page 10)
January	574,800,000	567,548,424	(7,251,576)	54.17	0.08805	14,981	0	928	0.00841	(8)	14,973
February	518,600,000	537,906,741	19,306,741	54.73	0.08805	(22,724)	0	7,253	0.00841	(61)	(22,785)
March	524,700,000	532,869,039	8,169,039	55.46	0.08805	(149)	0	0	0.00841	0	(149)
April	429,200,000	451,710,468	22,510,468	55.46	0.08805	(411)	0	0	0.00841	0	(411)
May	358,700,000	381,600,871	22,900,871	55.46	0.08805	(418)	0	0	0.00841	0	(418)
June	298,400,000	310,533,933	12,133,933	54.49	0.08805	(18,904)	0	0	0.00841	0	(18,904)
July	293,400,000	284,654,277	(8,745,723)	54.49	0.08805	13,625	0	0	0.00841	0	13,625
August	287,000,000	264,188,089	(22,811,911)	54.49	0.08805	35,540	0	0	0.00841	0	35,540
September	297,700,000	285,046,055	(12,653,945)	54.49	0.08805	19,714	0	364,212	0.00841	(3,063)	16,651
October	360,200,000	370,753,163	10,553,163	54.56	0.08805	(15,269)	0	6,332	0.00841	(53)	(15,322)
November	439,300,000	422,560,646	(16,739,354)	54.56	0.08805	24,219	0	1,334	0.00841	(11)	24,208
December	543,800,000	580,955,987	37,155,987	58.98	0.08805	206,923	0	10,841	0.00841	(91)	206,832
	<u>4,925,800,000</u>	<u>4,990,327,693</u>	<u>64,527,693</u>			<u>257,127</u>	<u>0</u>	<u>390,900</u>		<u>(3,287)</u>	<u>253,840</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

RATE STABILIZATION PLAN

Load Variation - Industrial

	A	B	C	D	E	F
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$ (to page 11)
January	78,300,000	64,661,303	(13,638,697)	54.17	0.03676	(671,353)
February	70,900,000	64,524,850	(6,375,150)	54.73	0.03676	(319,478)
March	76,600,000	75,618,369	(981,631)	55.46	0.03676	(50,330)
April	75,600,000	68,492,990	(7,107,010)	55.46	0.03676	(364,389)
May	69,500,000	75,131,721	5,631,721	55.46	0.03676	288,748
June	73,800,000	72,593,859	(1,206,141)	54.49	0.03676	(59,984)
July	77,500,000	71,183,392	(6,316,608)	54.49	0.03676	(314,138)
August	77,900,000	72,987,173	(4,912,827)	54.49	0.03676	(244,325)
September	73,000,000	56,815,786	(16,184,214)	54.49	0.03676	(804,874)
October	74,400,000	49,072,646	(25,327,354)	54.56	0.03676	(1,262,396)
November	74,100,000	46,331,086	(27,768,914)	54.56	0.03676	(1,384,091)
December	72,700,000	53,785,383	(18,914,617)	58.98	0.03676	(1,075,467)
	894,300,000	771,198,558	(123,101,442)			(6,262,077)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 87 of 541**  
**2013 RSP Application**

- 10 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Summary of Utility Customer**

**December 2007**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment <sup>(2)</sup>	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 8)	(from page 7)		(A + B + C)			(to page 12)
Opening Balance <sup>(3)</sup>							(13,541,887)
January	14,973	(1,391,948)	104,050	(1,272,925)	(82,165)	164,589	(14,732,388)
February	(22,785)	(1,692,653)	102,324	(1,613,114)	(89,389)	155,995	(16,278,896)
March	(149)	(2,031,623)	100,826	(1,930,946)	(98,772)	154,532	(18,154,082)
April	(411)	(1,517,751)	101,241	(1,416,921)	(110,150)	130,996	(19,550,157)
May	(418)	(667,933)	99,708	(568,643)	(118,621)	110,664	(20,126,757)
June	(18,904)	(262,949)	100,834	(181,019)	(122,119)	90,055	(20,339,840)
July	13,625	35,583	119,807	169,015	(123,412)	990,597	(19,303,640)
August	35,540	16,553	182,434	234,527	(117,125)	919,375	(18,266,863)
September	16,651	(4,600)	180,937	192,988	(110,834)	993,228	(17,191,481)
October	(15,322)	188,834	174,219	347,731	(104,309)	1,290,243	(15,657,816)
November	24,208	834,938	191,024	1,050,170	(95,004)	1,470,516	(13,232,134)
December	206,832	1,485,190	201,464	1,893,486	(80,286)	2,021,765	(9,397,169)
Year to date	253,840	(5,008,359)	1,658,868	(3,095,651)	(1,252,186)	8,492,555	4,144,718
Hydraulic allocation (from page 4)							(5,262,203)
Total	253,840	(5,008,359)	1,658,868	(3,095,651)	(1,252,186)	8,492,555	(14,659,372)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is 0.029 cents per kWh effective January 1, 2007 to June 30, 2007 and 0.348 per kWh effective July 1, 2007.

(3) In accordance with Board Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report. This resulted in an adjustment of \$5,726,000 to the opening balance due to Utility Customer.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**December 2007**

**RATE STABILIZATION PLAN**

**Summary of Industrial Customers**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(14,406,474)
January	(671,353)	(208,922)	(880,275)	(87,411)	1,293,226	(14,080,934)
February	(319,478)	(254,748)	(574,226)	(85,436)	1,291,104	(13,449,492)
March	(50,330)	(319,382)	(369,712)	(81,605)	1,512,367	(12,388,442)
April	(364,389)	(228,179)	(592,568)	(75,167)	1,369,860	(11,686,317)
May	288,748	(105,927)	182,821	(70,907)	1,502,634	(10,071,769)
June	(59,984)	(37,158)	(97,142)	(61,110)	1,451,877	(8,778,144)
July	(314,138)	8,081	(306,057)	(53,261)	1,423,668	(7,713,794)
August	(244,325)	(9,696)	(254,021)	(46,803)	1,459,743	(6,554,875)
September	(804,874)	4,755	(800,119)	(39,772)	1,136,316	(6,258,450)
October	(1,262,396)	48,393	(1,214,003)	(37,973)	981,453	(6,528,973)
November	(1,384,091)	149,561	(1,234,530)	(39,615)	926,622	(6,876,496)
December	(1,075,467)	230,884	(844,583)	(41,724)	1,075,708	(6,687,095)
Year to date	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	7,719,379
Hydraulic allocation - page 4						(758,949)
2003 industrial plan balance Note 2						(1,382,924)
Total	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	(8,828,968)

(1) The RSP adjustment rate for Industrial Customers is 2.000 cents per kWh effective January 1, 2007.

(2) The balance of the December 2003 Plan related to Industrial customers will be recovered during 2008 as a component of the Current Plan in accordance with the Section E of the Rate Stabilization Plan Rules.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**December 2007**

**RATE STABILIZATION PLAN**

**Overall Summary**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
	<b>(from page 4)</b>	<b>(from page 10)</b>	<b>(from page 11)</b>	
December 2006 <sup>(1)</sup>	0	(13,541,887)	(14,406,474)	(27,948,361)
January	(9,017,357)	(14,732,388)	(14,080,934)	(37,830,679)
February	(17,941,415)	(16,278,896)	(13,449,492)	(47,669,803)
March	(22,647,538)	(18,154,082)	(12,388,442)	(53,190,062)
April	(26,758,415)	(19,550,157)	(11,686,317)	(57,994,889)
May	(27,941,824)	(20,126,757)	(10,071,769)	(58,140,350)
June	(24,023,271)	(20,339,840)	(8,778,144)	(53,141,255)
July	(14,511,411)	(19,303,640)	(7,713,794)	(41,528,845)
August	(11,633,702)	(18,266,863)	(6,554,875)	(36,455,440)
September	(11,010,192)	(17,191,481)	(6,258,450)	(34,460,123)
October	(9,542,101)	(15,657,816)	(6,528,973)	(31,728,890)
November	(10,206,408)	(13,232,134)	(6,876,496)	(30,315,038)
December	(14,820,468)	(14,659,372)	(8,828,968)	(38,308,808)

(1) In accordance with Board Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report. This resulted in an adjustment of \$5,726,000 to the current plan opening utility balance and a reduction of the hydraulic balance to 0.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**December 2007**

**RATE STABILIZATION PLAN**

Recovery of December 2003 Balance

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Utility Customer			Island Industrial Customers			Total To Date
	Recovery <sup>(1)</sup>	Financing Charges	Total To Date	Recovery <sup>(2)</sup>	Financing Charges	Total To Date	Due From (To) Customers
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
			<b>(A + B)</b>			<b>(D + E)</b>	<b>(C + F)</b>
Opening Balance <sup>(3) (4)</sup>			34,393,834.05			7,144,242.96	41,538,077.01
January	(2,576,674.06)	208,684.59	32,025,844.58	(745,993.86)	43,347.69	6,441,596.79	38,467,441.37
February	(2,442,129.53)	194,316.81	29,778,031.86	(736,593.78)	39,084.39	5,744,087.40	35,522,119.26
March	(2,419,225.44)	180,678.21	27,539,484.63	(863,002.68)	34,852.25	4,915,936.97	32,455,421.60
April	(2,050,765.52)	167,095.82	25,655,814.93	(783,103.27)	29,827.45	4,162,661.15	29,818,476.08
May	(1,732,467.95)	155,666.66	24,079,013.64	(858,888.60)	25,256.95	3,329,029.50	27,408,043.14
June	(1,409,824.06)	146,099.42	22,815,289.00	(832,875.91)	20,198.89	2,516,352.48	25,331,641.48
July	(1,477,355.70)	138,431.77	21,476,365.07	(811,381.30)	15,267.97	1,720,239.15	23,196,604.22
August	(1,371,136.18)	130,307.85	20,235,536.74	(834,554.27)	10,437.55	896,122.43	21,131,659.17
September	(1,481,279.29)	122,779.12	18,877,036.57	(638,450.06)	5,437.22	263,109.59	19,140,146.16
October	(1,924,241.78)	114,536.42	17,067,331.21	(537,998.83)	1,596.42	(273,292.82)	16,794,038.39
November	(2,193,096.68)	103,556.03	14,977,790.56	(507,122.64)	(1,658.20)	(782,073.66)	14,195,716.90
December	(3,015,217.84)	90,877.74	12,053,450.46	(596,105.35)	(4,745.23)	(1,382,924.24)	10,670,526.22
Plan Expiry <sup>(5)</sup>						1,382,924.24	
Total	(24,093,414.03)	1,753,030.44	12,053,450.46	(8,746,070.55)	218,903.35	0.00	12,053,450.46

(1) The recovery rate for Utility is 0.454 cents per kWh effective January 1, 2007 to June 30, 2007 and 0.519 per kWh effective July 1, 2007.

(2) The recovery rate for Industrial Customers is 1.215 cents per kWh effective January 1, 2007.

(3) In accordance with Board Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report. This resulted in a reduction of \$19,499,507 to the opening Utility Customer balance and a reduction of \$2,085,787 to the Industrial Customers balance.

(4) In accordance with Board Order P.U. 1 (2007) AUR Resources was granted exclusion from the Historical Plan Balance effective January 20, 2006. The 2007 opening balance has been increased by \$129,103.36 to reflect a refund of \$125,726.59 to AUR Resources for amounts collected from January 20 to December 31, 2006 and the associated financing charges of \$3,376.77.

(5) The balance in plan for industrial customers will be recovered during 2008 as a component of the current plan in accordance with Section E of the Rate Stabilization Plan rules.

- 14 -

NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

RATE STABILIZATION PLAN

RATE STABILIZATION PLAN, DECEMBER 31, 2006 ADJUSTMENTS'

Line No.		Balance		Revised Balance	Comments - Adjustment
		December 2006 RSP Report	Adjustment		
1	Hydraulic Production Variation Balance	(15,977,692)	15,977,692	-	Line 6
2	Summary of Utility Customer	(19,267,887)	5,726,000	(13,541,887)	Hydraulic allocation moved to Historic Plan
3	Summary of Industrial Customers	(14,406,474)		(14,406,474)	No Change
4	Recovery of December 2003 Balance - Utility	53,893,341	(19,499,507)	34,393,834	Line 2 Adjustment plus Line 7 Net
5	Recovery of December 2003 Balance - Industrial Customers	9,100,931	(2,085,787)	7,015,143	Line 8 Net
<b>Hydraulic Production Variation Balance Adjustment</b>					
6	Balance December 31, 2006		15,977,692		
	Allocation:				
		12 month (Dec 2006 ) kWh	% of kWh to total	Allocation	Reallocate Rural Net
7	Utility	4,616,864,312	80.5%	12,855,149	918,358 13,773,507
8	Industrial	749,100,463	13.1%	2,085,787	2,085,787
9	Rural	372,345,900	6.5%	1,036,756	(1,036,756) -
10		5,738,310,675	100.0%	15,977,692	(118,398) 15,859,294
11	Labrador Interconnected (write-off to income)				118,398 118,398
12					- 15,977,692

**NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN REPORT  
December 31, 2008**

## Newfoundland and Labrador Hydro Rate Stabilization Plan Report December 31, 2008

### Summary of Key Facts

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

2007 Test Year Cost of Service				
	Net Hydraulic Production	No. 6 Fuel Cost	Utility Load	Industrial Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	<u>4,472,070,000</u>		<u>4,925,800,000</u>	<u>894,300,000</u>

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Plan Highlights**  
**December 31, 2008**

	<b>Actual</b>	<b>Cost of Service</b>	<b>Variance</b>	<b>Year-to-Date Due (To) From customers</b>	<b>Reference</b>
<b>Hydraulic production year-to-date</b>	4,771. GWh	4,472.1 GWh	299. GWh	\$ (26,383,315)	Page 4
<b>No 6 fuel cost - Current month</b>	\$ 59.25	\$ 58.98	\$ 0.27	\$ 27,745,268	Page 5
<b>Year-to-date customer load - Utility</b>	4,959.7 GWh	4,925.8 GWh	33.9 GWh	\$ (26,253)	Page 8
<b>Year-to-date customer load - Industrial</b>	690.2 GWh	894.3 GWh	-204.1 GWh	\$ (10,315,182)	Page 9
				<u>\$ (8,979,482)</u>	
<b>Rural rates</b>					
Rural Rate Alteration (RRA) <sup>(1)</sup>	\$ (245,481)				
Less : RRA to utility customer	<u>\$ (218,723)</u>				Page 10
RRA to Labrador interconnected	(26,758)				
Fuel variance to Labrador interconnected	<u>\$ 205,395</u>				Page 6
Net Labrador interconnected	<u><u>\$ 178,637</u></u>				
<b>Current plan summary</b>					
<b>One year recovery</b>					
Due (to) from utility customer	\$ (10,329,890)				Page 10
Due (to) from Industrial customers	<u>\$ (11,994,442)</u>				Page 11
Sub total	(22,324,333)				
<b>Four year recovery</b>					
Hydraulic balance	<u>\$ (30,902,837)</u>				Page 4
Total plan balance	<u><u>\$ (53,227,170)</u></u>				

<sup>(1)</sup> Beginning January 2008, the RRA includes a monthly amount of \$32,433. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 33 (2007) issued December 21, 2007.

**IC-NLH-22, Attachment 1, Page 95 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Net Hydraulic Production Variation**  
**December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Cost of Service Net Hydraulic Production (kWh)	Actual Net Hydraulic Production (kWh)	Monthly Net Hydraulic Production Variance (kWh) <b>(A - B)</b>	Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	Net Hydraulic Production Variation (\$) <b>(C / O<sup>1</sup> X D)</b>	Financing Charges (\$)	Cumulative Variation and Financing Charges (\$) <b>(E + F)</b> <b>(to page 12)</b>
Opening balance							(14,820,468)
January	427,100,000	477,077,144	(49,977,144)	54.17	(4,297,241)	(89,923)	(19,207,632)
February	388,680,000	437,972,596	(49,292,596)	54.73	(4,282,196)	(116,542)	(23,606,370)
March	415,080,000	503,744,129	(88,664,129)	55.46	(7,805,258)	(143,232)	(31,554,860)
April	355,520,000	390,350,281	(34,830,281)	55.46	(3,066,170)	(191,459)	(34,812,489)
May	324,240,000	347,865,812	(23,625,812)	55.46	(2,079,821)	(211,225)	(37,103,535)
June	328,500,000	358,079,359	(29,579,359)	54.49	(2,558,380)	(225,126)	(39,887,041)
July	386,790,000	353,156,726	33,633,274	54.49	2,909,011	(242,015)	(37,220,045)
August	379,140,000	354,560,633	24,579,367	54.49	2,125,920	(225,833)	(35,319,958)
September	363,560,000	355,244,466	8,315,534	54.49	719,228	(214,304)	(34,815,034)
October	340,510,000	395,269,826	(54,759,826)	54.56	(4,742,375)	(211,240)	(39,768,649)
November	364,390,000	357,071,095	7,318,905	54.56	633,840	(241,296)	(39,376,105)
December	398,560,000	440,644,093	(42,084,093)	58.98	(3,939,873)	(238,915)	(43,554,893)
	<u>4,472,070,000</u>	<u>4,771,036,160</u>	<u>(298,966,160)</u>		<u>(26,383,315)</u>	<u>(2,351,110)</u>	<u>(43,554,893)</u>
Hydraulic Allocation <sup>2</sup>					10,300,946	2,351,110	12,652,056
Hydraulic variation at year end					<u>(16,082,369)</u>	<u>-</u>	<u>(30,902,837)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

	<b>(from page 6)</b>			<b>(to pages 11 &amp; 12)</b>	
	12 month kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	4,959,752,852	81.8%	10,352,198	765,618	11,117,816
Industrial	690,182,871	11.4%	1,440,578		1,440,578
Rural	411,682,211	6.8%	859,280	(859,280)	-
Total	<u>6,061,617,934</u>	<u>100.0%</u>	<u>12,652,056</u>	<u>(93,662)</u>	<u>12,558,394</u>
Labrador Inteconnected (write-off to income)				93,662	93,662
				<u>-</u>	<u>12,652,056</u>

**IC-NLH-22, Attachment 1, Page 96 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**No. 6 Fuel Variation**  
**December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) <b>(A - B)</b>	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) <b>(E - D)</b>	No.6 Fuel Variation (\$) <b>(C X F)</b> <b>(to page 6)</b>
January	315,296	1,267	314,029	54.17	69.17	15.00	4,710,435
February	278,439	3,118	275,321	54.73	70.34	15.61	4,297,761
March	231,653	1,240	230,413	55.46	71.09	15.63	3,601,351
April	169,327	583	168,744	55.46	71.52	16.06	2,710,036
May	134,027	329	133,698	55.46	71.52	16.06	2,147,194
June	26,533	258	26,275	54.49	79.33	24.84	652,660
July	339	337	2	54.49	89.89	35.40	55
August	0	408	(408)	54.49	89.89	35.40	(14,443)
September	135	369	(234)	54.49	89.95	35.46	(8,296)
October	102,573	256	102,317	54.56	90.06	35.50	3,632,242
November	215,331	1	215,330	54.56	82.18	27.62	5,947,416
December	255,028	2	255,026	58.98	59.25	0.27	68,857
	<u>1,728,681</u>	<u>8,168</u>	<u>1,720,513</u>	55.47	71.59	16.12	<u>27,745,268</u>

**IC-NLH-22, Attachment 1, Page 97 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance - Year-to-Date**  
**December 31, 2008**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(A/D X H)	Customers	Interconnected	(H)	(G X 88.58%)	Interconnected
		(kWh)	(kWh)	(A+B+C)	(to page 7)	(B/D X H)	(C/D X H)	(from page 5)	(to page 7)	(G X 11.42%)
January	5,013,930,402	757,617,115	402,636,925	6,174,184,442	3,825,249	578,004	307,182	4,710,435	273,699	33,483
February	5,010,687,516	745,479,713	405,359,469	6,161,526,698	7,325,661	1,089,897	592,638	9,008,196	528,040	64,598
March	5,037,540,915	725,101,495	407,923,188	6,170,565,598	10,294,212	1,481,744	833,591	12,609,547	742,730	90,861
April	5,021,579,114	715,981,053	407,769,144	6,145,329,311	12,518,206	1,784,857	1,016,520	15,319,583	905,719	110,801
May	5,010,732,890	698,078,679	407,998,011	6,116,809,580	14,308,334	1,993,390	1,165,053	17,466,777	1,038,062	126,991
June	4,998,998,529	681,489,225	409,750,041	6,090,237,795	14,872,825	2,027,540	1,219,072	18,119,437	1,086,193	132,879
July	4,991,379,950	667,970,308	410,477,609	6,069,827,867	14,900,137	1,994,008	1,225,347	18,119,492	1,091,784	133,563
August	5,008,640,188	651,211,542	411,239,047	6,071,090,777	14,936,636	1,942,026	1,226,387	18,105,049	1,092,711	133,676
September	5,010,044,656	648,919,073	411,961,865	6,070,925,594	14,934,385	1,934,355	1,228,013	18,096,753	1,094,160	133,853
October	5,012,364,843	661,618,615	412,275,567	6,086,259,025	17,895,007	2,362,093	1,471,895	21,728,995	1,311,458	160,437
November	5,004,210,952	684,182,648	412,005,514	6,100,399,114	22,703,203	3,104,013	1,869,195	27,676,411	1,665,453	203,742
December	4,959,752,852	690,182,871	411,682,211	6,061,617,934	22,701,806	3,159,108	1,884,354	27,745,268	1,678,959	205,395

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 98 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance - Monthly**  
**December 31, 2008**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	3,825,249	3,825,249	273,699	273,699	4,098,948	578,004	578,004
February	7,325,661	3,500,412	528,040	254,341	3,754,753	1,089,897	511,893
March	10,294,212	2,968,551	742,730	214,690	3,183,241	1,481,744	391,847
April	12,518,206	2,223,994	905,719	162,989	2,386,983	1,784,857	303,113
May	14,308,334	1,790,128	1,038,062	132,343	1,922,471	1,993,390	208,533
June	14,872,825	564,491	1,086,193	48,131	612,622	2,027,540	34,150
July	14,900,137	27,312	1,091,784	5,591	32,903	1,994,008	(33,532)
August	14,936,636	36,499	1,092,711	927	37,426	1,942,026	(51,982)
September	14,934,385	(2,251)	1,094,160	1,449	(802)	1,934,355	(7,671)
October	17,895,007	2,960,622	1,311,458	217,298	3,177,920	2,362,093	427,738
November	22,703,203	4,808,196	1,665,453	353,995	5,162,191	3,104,013	741,920
December	22,701,806	(1,397)	1,678,959	13,506	12,109	3,159,108	55,095
		<u>22,701,806</u>		<u>1,678,959</u>	<u>24,380,765</u>		<u>3,159,108</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 99 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Utility**  
**December 31, 2008**

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$/Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			C x {(D/O <sup>1</sup> ) - E}				(G - H) x I	(F + J)
											(to page 10)
January	574,800,000	590,752,934	15,952,934	54.17	0.08805	(32,957)	0	8,227	0.00841	(69)	(33,026)
February	518,600,000	534,671,108	16,071,108	54.73	0.08805	(18,915)	0	0	0.00841	0	(18,915)
March	524,700,000	559,719,845	35,019,845	55.46	0.08805	(639)	0	2,593	0.00841	(22)	(661)
April	429,200,000	435,748,667	6,548,667	55.46	0.08805	(120)	0	0	0.00841	0	(120)
May	358,700,000	370,754,647	12,054,647	55.46	0.08805	(220)	0	0	0.00841	0	(220)
June	298,400,000	298,799,572	399,572	54.49	0.08805	(623)	0	0	0.00841	0	(623)
July	293,400,000	276,980,859	(16,419,141)	54.49	0.08805	25,580	0	54,839	0.00841	(461)	25,119
August	287,000,000	281,448,327	(5,551,673)	54.49	0.08805	8,649	0	0	0.00841	0	8,649
September	297,700,000	286,814,735	(10,885,265)	54.49	0.08805	16,959	0	0	0.00841	0	16,959
October	360,200,000	373,078,329	12,878,329	54.56	0.08805	(18,633)	0	1,353	0.00841	(11)	(18,644)
November	439,300,000	414,408,089	(24,891,911)	54.56	0.08805	36,014	0	0	0.00841	0	36,014
December	543,800,000	536,495,923	(7,304,077)	58.98	0.08805	(40,677)	0	12,805	0.00841	(108)	(40,785)
	<u>4,925,800,000</u>	<u>4,959,673,035</u>	<u>33,873,035</u>			<u>(25,582)</u>	<u>0</u>	<u>79,817</u>		<u>(671)</u>	<u>(26,253)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 100 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Industrial**  
**December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b> <b>(to page 11)</b>
January	78,300,000	51,079,860	(27,220,140)	54.17	0.03676	(1,339,888)
February	70,900,000	52,387,448	(18,512,552)	54.73	0.03676	(927,720)
March	76,600,000	55,240,151	(21,359,849)	55.46	0.03676	(1,095,157)
April	75,600,000	59,372,548	(16,227,452)	55.46	0.03676	(832,010)
May	69,500,000	57,229,347	(12,270,653)	55.46	0.03676	(629,138)
June	73,800,000	56,004,405	(17,795,595)	54.49	0.03676	(885,012)
July	77,500,000	57,664,475	(19,835,525)	54.49	0.03676	(986,462)
August	77,900,000	56,228,407	(21,671,593)	54.49	0.03676	(1,077,773)
September	73,000,000	54,523,317	(18,476,683)	54.49	0.03676	(918,884)
October	74,400,000	61,772,188	(12,627,812)	54.56	0.03676	(629,410)
November	74,100,000	68,895,119	(5,204,881)	54.56	0.03676	(259,428)
December	72,700,000	59,785,606	(12,914,394)	58.98	0.03676	(734,300)
	<u>894,300,000</u>	<u>690,182,871</u>	<u>(204,117,129)</u>			<u>(10,315,182)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 101 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment <sup>(2)</sup>	Transfer from Old Plan	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		(\$)
	(from page 8)	(from page 7)		(A + B + C)				(to page 12)
Opening Balance <sup>(3)</sup>								(14,652,165)
January	(33,026)	4,098,948	126,133	4,192,055	(88,902)	2,055,849		(8,493,163)
February	(18,915)	3,754,753	42,481	3,778,319	(51,532)	1,860,655		(2,905,721)
March	(661)	3,183,241	42,112	3,224,692	(17,630)	1,947,834		2,249,175
April	(120)	2,386,983	59,898	2,446,761	13,647	1,516,405		6,225,988
May	(220)	1,922,471	64,030	1,986,281	37,776	1,290,226		9,540,271
June	(623)	612,622	57,595	669,594	57,886	1,039,823		11,307,574
2003 Utility plan balance <sup>(4)</sup>							(2,238,025)	9,069,549
July	25,119	32,903	8,966	66,988	55,029	(2,083,308)		7,108,258
August	8,649	37,426	(115,302)	(69,227)	43,129	(2,116,491)		4,965,669
September	16,959	(802)	(110,476)	(94,319)	30,129	(2,156,847)		2,744,632
October	(18,644)	3,177,920	(108,416)	3,050,860	16,653	(2,805,559)		3,006,586
November	36,014	5,162,191	(127,946)	5,070,259	18,242	(3,116,349)		4,978,738
December	(40,785)	12,109	(157,798)	(186,474)	30,208	(4,034,546)		787,926
Year to date	(26,253)	24,380,765	(218,723)	24,135,789	144,635	(6,602,308)	(2,238,025)	15,440,091
Hydraulic allocation (from page 4)								(11,117,816)
Total	(26,253)	24,380,765	(218,723)	24,135,789	144,635	(6,602,308)	(2,238,025)	(10,329,890)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is 0.348 cents per kWh effective July 1, 2007 to June 30, 2008 and \$0.752 effective July 1, 2008.

(3) The December 2007 closing balance of \$14,659,375 payable was reduced by \$7,210 related to a Rural Rate Alteration adjustment in July 2007.

(4)  
The balance in plan for utility customers will be recovered as a component of the current plan in accordance with Section E of the Rate Stabilization Plan.

**IC-NLH-22, Attachment 1, Page 102 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
	<b>(from page 9)</b>	<b>(from page 7)</b>				<b>(to page 12)</b>
Opening Balance						(8,828,968)
January	(1,339,888)	578,004	(761,884)	(53,570)	462,206	(9,182,216)
February	(927,720)	511,893	(415,827)	(55,713)	468,080	(9,185,676)
March	(1,095,157)	391,847	(703,310)	(55,734)	499,003	(9,445,717)
April	(832,010)	303,113	(528,897)	(57,312)	529,906	(9,502,020)
May	(629,138)	208,533	(420,605)	(57,654)	514,376	(9,465,903)
June	(885,012)	34,150	(850,862)	(57,434)	502,326	(9,871,873)
July	(986,462)	(33,532)	(1,019,994)	(59,898)	510,304	(10,441,461)
August	(1,077,773)	(51,982)	(1,129,755)	(63,354)	497,280	(11,137,290)
September	(918,884)	(7,671)	(926,555)	(67,576)	482,977	(11,648,444)
October	(629,410)	427,738	(201,672)	(70,677)	551,743	(11,369,050)
November	(259,428)	741,920	482,492	(68,982)	608,393	(10,347,147)
December	(734,300)	55,095	(679,205)	(62,782)	535,270	(10,553,864)
Year to date	(10,315,182)	3,159,108	(7,156,074)	(730,686)	6,161,864	(1,724,896)
Hydraulic allocation - page 4						(1,440,578)
						0
Total	(10,315,182)	3,159,108	(7,156,074)	(730,686)	6,161,864	(11,994,442)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

**IC-NLH-22, Attachment 1, Page 103 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Overall Summary**  
**December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
	(from page 4)	(from page 10)	(from page 11)	(A + B + C)
December 2007	(14,820,468)	(14,652,165)	(8,828,968)	(38,301,602)
January	(19,207,632)	(8,493,163)	(9,182,216)	(36,883,012)
February	(23,606,370)	(2,905,721)	(9,185,676)	(35,697,768)
March	(31,554,860)	2,249,175	(9,445,717)	(38,751,403)
April	(34,812,489)	6,225,988	(9,502,020)	(38,088,522)
May	(37,103,535)	9,540,271	(9,465,903)	(37,029,168)
June	(39,887,041)	11,307,574	(9,871,873)	(38,451,341)
July	(37,220,045)	7,108,258	(10,441,461)	(40,553,249)
August	(35,319,958)	4,965,669	(11,137,290)	(41,491,580)
September	(34,815,034)	2,744,632	(11,648,444)	(43,718,847)
October	(39,768,649)	3,006,586	(11,369,050)	(48,131,114)
November	(39,376,105)	4,978,738	(10,347,147)	(44,744,515)
December	(30,902,837)	(10,329,890)	(11,994,442)	(53,227,170)

# **RATE STABILIZATION REPORT**

Newfoundland and Labrador Hydro

June 2009



**Newfoundland and Labrador Hydro  
Rate Stabilization Plan Report  
June 30, 2009**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**June 30, 2009**

**Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

	2007 Test Year Cost of Service			
	Net Hydraulic	No. 6 Fuel	Utility	Industrial
	Production	Cost	Load	Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	<u>4,472,070,000</u>		<u>4,925,800,000</u>	<u>894,300,000</u>

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Plan Highlights**  
**June 30, 2009**

	Actual	Cost of Service	Variance	Year-to-Date Due (To) From customers	Reference
<b>Hydraulic production year-to-date</b>	2,244.4 GWh	2,239.1 GWh	5.3 GWh	\$ (318,652)	Page 4
<b>No 6 fuel cost - Current month</b>	\$ 46.40	\$ 54.49	\$ (8.09)	\$ (7,195,510)	Page 5
<b>Year-to-date customer load - Utility</b>	2,797.5 GWh	2,704.4 GWh	93.1 GWh	\$ (214,514)	Page 8
<b>Year-to-date customer load - Industrial</b>	203.1 GWh	444.7 GWh	-241.57 GWh	\$ (12,229,095)	Page 9
				<u>\$ (19,957,771)</u>	
<b>Rural rates</b>					
Rural Rate Alteration (RRA) <sup>(1)</sup>	\$ (1,439,716)				
Less : RRA to utility customer	<u>\$ (1,282,787)</u>				Page 10
RRA to Labrador interconnected	(156,929)				
Fuel variance to Labrador interconnected	<u>\$ (54,055)</u>				Page 6
Net Labrador interconnected	<u>\$ (210,984)</u>				
<b>Current plan summary</b>					
<b>One year recovery</b>					
Due (to) from utility customer	\$ (40,288,689)				Page 10
Due (to) from Industrial customers	<u>\$ (23,505,651)</u>				Page 11
Sub total	(63,794,341)				
<b>Four year recovery</b>					
Hydraulic balance	<u>\$ (32,611,927)</u>				Page 4
Total plan balance	<u>\$ (96,406,268)</u>				

<sup>(1)</sup> Beginning January 2009, the RRA includes a monthly credit of \$5,766. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 34 (2008) issued December 22, 2008.

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Net Hydraulic Production Variation**  
**June 30, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Cost of Service	Actual	Monthly	Cost of	Net Hydraulic	Financing	Cumulative
	Net Hydraulic	Net Hydraulic	Net Hydraulic	Service	Production	Charges	Variation
	Production	Production	Production	No. 6 Fuel	Variation		and Financing
	(kWh)	(kWh)	Variance	Cost	( $\text{\$}$ )	( $\text{\$}$ )	Charges
			(A - B)	( $\text{\$Can/bbl.}$ )	(C / O <sup>1</sup> X D)		(E + F)
							(to page 12)
Opening balance							(30,902,837)
January	427,100,000	511,622,865	(84,522,865)	54.17	(7,267,625)	(187,503)	(38,357,965)
February	388,680,000	425,437,286	(36,757,286)	54.73	(3,193,216)	(232,737)	(41,783,918)
March	415,080,000	429,499,125	(14,419,125)	55.46	(1,269,341)	(253,524)	(43,306,783)
April	355,520,000	299,936,291	55,583,709	55.46	4,893,131	(262,764)	(38,676,416)
May	324,240,000	292,689,277	31,550,723	55.46	2,777,465	(234,669)	(36,133,620)
June	328,500,000	285,248,235	43,251,765	54.49	3,740,934	(219,241)	(32,611,927)
July							
August							
September							
October							
November							
December							
	<u>2,239,120,000</u>	<u>2,244,433,079</u>	<u>(5,313,079)</u>		<u>(318,652)</u>	<u>(1,390,438)</u>	<u>(32,611,927)</u>
Hydraulic Allocation <sup>2</sup>							
Hydraulic variation at year end					<u>(318,652)</u>	<u>(1,390,438.00)</u>	<u>(32,611,927)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**No. 6 Fuel Variation**  
**June 30, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) <b>(A - B)</b>	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.)	No.6 Fuel Variation (\$) <b>(C X F)</b> <b>(to page 6)</b>
January	310,422	690	309,732	54.17	50.53	(3.64)	(1,127,424)
February	256,185	2,424	253,761	54.73	46.99	(7.74)	(1,964,110)
March	238,388	1,139	237,249	55.46	47.52	(7.94)	(1,883,757)
April	163,842	0	163,842	55.46	46.37	(9.09)	(1,489,324)
May	59,632	0	59,632	55.46	46.37	(9.09)	(542,058)
June	23,342	0	23,342	54.49	46.40	(8.09)	(188,837)
July							
August							
September							
October							
November							
December							
	<u>1,051,811</u>	<u>4,253</u>	<u>1,047,558</u>				<u>(7,195,510)</u>

**IC-NLH-22, Attachment 1, Page 110 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance – Year-to-Date**  
**June 30, 2009**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	Customers	Customers	Customers		Customers	Customers	Interconnected		Interconnected	
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	5,005,151,512	689,749,882	414,470,780	6,109,372,174	(923,651)	(127,286)	(76,487)	(1,127,424)	(68,150)	(8,337)
February	5,010,856,454	680,296,222	412,537,210	6,103,689,886	(2,538,011)	(344,572)	(208,951)	(3,091,534)	(186,175)	(22,776)
March	5,003,195,483	666,365,030	412,541,893	6,082,102,406	(4,092,722)	(545,101)	(337,468)	(4,975,291)	(300,684)	(36,784)
April	4,989,239,677	625,317,933	413,558,514	6,028,116,124	(5,350,513)	(670,598)	(443,504)	(6,464,615)	(395,162)	(48,342)
May	4,968,395,779	587,975,854	413,195,928	5,969,567,561	(5,831,566)	(690,126)	(484,981)	(7,006,673)	(432,118)	(52,863)
June	4,973,908,918	562,003,055	409,782,881	5,945,694,854	(6,019,450)	(680,139)	(495,921)	(7,195,510)	(441,866)	(54,055)
July										
August										
September										
October										
November										
December										

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance – Monthly**  
**June 30, 2009**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Fuel Variance</b>		<b>Rural Allocation</b>		<b>Total Fuel Variance</b>	<b>Fuel Variance</b>	
	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Activity for</b>	<b>Year-to-Date</b>	<b>Current Month</b>
	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>the month</b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>(from page 6)</b>		<b>(from page 6)</b>		<b>(B + D)</b>	<b>(from page 6)</b>	<b>(to page 11)</b>
January	(923,651)	(923,651)	(68,150)	(68,150)	(991,801)	(127,286)	(127,286)
February	(2,538,011)	(1,614,360)	(186,175)	(118,025)	(1,732,385)	(344,572)	(217,286)
March	(4,092,722)	(1,554,711)	(300,684)	(114,509)	(1,669,220)	(545,101)	(200,529)
April	(5,350,513)	(1,257,791)	(395,162)	(94,478)	(1,352,269)	(670,598)	(125,497)
May	(5,831,566)	(481,053)	(432,118)	(36,956)	(518,009)	(690,126)	(19,528)
June	(6,019,450)	(187,884)	(441,866)	(9,748)	(197,632)	(680,139)	9,987
July							
August							
September							
October							
November							
December							
		<u>(6,019,450)</u>		<u>(441,866)</u>	<u>(6,461,316)</u>		<u>(680,139)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 112 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variance – Utility**  
**June 30, 2009**

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$				(G - H) x I	(F + J)
											(to page 10)
January	574,800,000	636,159,821	61,359,821	54.17	0.08805	(126,762)	0	0	0.00841	0	(126,762)
February	518,600,000	540,373,649	21,773,649	54.73	0.08805	(25,627)	0	2,401	0.00841	(20)	(25,647)
March	524,700,000	552,059,084	27,359,084	55.46	0.08805	(499)	0	2,383	0.00841	(20)	(519)
April	429,200,000	421,770,620	(7,429,380)	55.46	0.08805	136	0	22,241	0.00841	(187)	(51)
May	358,700,000	347,556,066	(11,143,934)	55.46	0.08805	203	0	2,354,683	0.00841	(19,803)	(19,600)
June	298,400,000	299,536,918	1,136,918	54.49	0.08805	(1,771)	0	4,775,793	0.00841	(40,164)	(41,935)
July											
August											
September											
October											
November											
December											
	<u>2,704,400,000</u>	<u>2,797,456,158</u>	<u>93,056,158</u>			<u>(154,320)</u>	<u>0</u>	<u>7,157,501</u>		<u>(60,194)</u>	<u>(214,514)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variance – Industrial**  
**June 30, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b> <b>(to page 11)</b>
January	78,300,000	50,646,871	(27,653,129)	54.17	0.03676	(1,361,201)
February	70,900,000	42,933,788	(27,966,212)	54.73	0.03676	(1,401,471)
March	76,600,000	41,308,959	(35,291,041)	55.46	0.03676	(1,809,433)
April	75,600,000	18,325,451	(57,274,549)	55.46	0.03676	(2,936,566)
May	69,500,000	19,887,268	(49,612,732)	55.46	0.03676	(2,543,731)
June	73,800,000	30,031,606	(43,768,394)	54.49	0.03676	(2,176,693)
July						
August						
September						
October						
November						
December						
	<u>444,700,000</u>	<u>203,133,943</u>	<u>(241,566,057)</u>			<u>(12,229,095)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**June 30, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	Load	Allocation	Allocation	Subtotal	Financing		Transfer from	Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment <sup>(2)</sup>	Old Plan	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)		Balance
				(A + B + C)				
	(from page 8)	(from page 7)						(to page 12)
Opening Balance <sup>(3)</sup>								(10,329,890)
January	(126,762)	(991,801)	(260,611)	(1,379,174)	(62,677)	(4,783,922)		(16,555,663)
February	(25,647)	(1,732,385)	(319,568)	(2,077,600)	(100,451)	(4,063,628)		(22,797,342)
March	(519)	(1,669,220)	(207,444)	(1,877,183)	(138,323)	(4,151,502)		(28,964,350)
April	(51)	(1,352,269)	(192,147)	(1,544,467)	(175,741)	(3,171,882)		(33,856,440)
May	(19,600)	(518,009)	(160,450)	(698,059)	(205,424)	(2,631,329)		(37,391,252)
June	(41,935)	(197,632)	(142,567)	(382,134)	(226,871)	(2,288,432)		(40,288,689)
2003 Utility plan balance <sup>(4)</sup>								(40,288,689)
July								
August								
September								
October								
November								
December								
Year to date	(214,514)	(6,461,316)	(1,282,787)	(7,958,617)	(909,487)	(21,090,695)	0	(29,958,799)
Hydraulic allocation								0
(from page 4)								
Total	(214,514)	(6,461,316)	(1,282,787)	(7,958,617)	(909,487)	(21,090,695)	0	(40,288,689)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility \$0.752 effective July 1, 2008.

(3) The balance in plan for utility customers will be recovered as a component of the current plan in accordance with Section E of the Rate Stabilization Plan.

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**June 30, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
	<b>(from page 9)</b>	<b>(from page 7)</b>				<b>(to page 12)</b>
Opening Balance						(11,994,442)
January	(1,361,201)	(127,286)	(1,488,487)	(72,776)	466,209	(13,089,496)
February	(1,401,471)	(217,286)	(1,618,757)	(79,421)	398,964	(14,388,710)
March	(1,809,433)	(200,529)	(2,009,962)	(87,303)	388,867	(16,097,108)
April	(2,936,566)	(125,497)	(3,062,063)	(97,669)	208,165	(19,048,675)
May	(2,543,731)	(19,528)	(2,563,259)	(115,578)	222,774	(21,504,738)
June	(2,176,693)	9,987	(2,166,706)	(130,480)	296,273	(23,505,651)
July						
August						
September						
October						
November						
December						
Year to date	(12,229,095)	(680,139)	(12,909,234)	(583,227)	1,981,252	(11,511,209)
Hydraulic allocation - page 4						0
Total	(12,229,095)	(680,139)	(12,909,234)	(583,227)	1,981,252	(23,505,651)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Overall Summary  
June 30, 2009

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
	<b>(from page 4)</b>	<b>(from page 10)</b>	<b>(from page 11)</b>	
December 2007	(30,902,837)	(10,329,890)	(11,994,442)	(53,227,170)
January	(38,357,965)	(16,555,663)	(13,089,496)	(68,003,125)
February	(41,783,918)	(22,797,342)	(14,388,710)	(78,969,971)
March	(43,306,783)	(28,964,350)	(16,097,108)	(88,368,242)
April	(38,676,416)	(33,856,440)	(19,048,675)	(91,581,532)
May	(36,133,620)	(37,391,252)	(21,504,738)	(95,029,611)
June	(32,611,927)	(40,288,689)	(23,505,651)	(96,406,268)
July				
August				
September				
October				
November				
December				

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 1

1 Q. Provide pro forma RSP monthly reports for each month from January 2008 to date,  
2 prepared on the assumption that all the RSP rules, including the load variation,  
3 were applied, together with calculations for the 2008 and 2009 RSP portions of the  
4 rates charged to Industrial Customers, using the same assumptions.

5

6

7 A. Please find in Attachment 1 the 2008 pro forma annual RSP reports, including  
8 monthly balances and the calculation for the 2009 RSP portion of the rates charged  
9 to Industrial Customers. Also please find Attachment 2, which includes the 2009 to  
10 date pro forma annual RSP report, including monthly balances and Attachment 3,  
11 which contains the calculation of the 2008 RSP portion of the rates charged to  
12 Industrial Customers.

13

14 The calculations assume the following:

- 15 • Industrial RSP rate change effective January 1, 2008 and 2009 such that the  
16 rates are those that would have resulted had interim rates not been  
17 implemented on those dates and had the approved methodology, including  
18 the load variation, had been applied.
- 19 • Effective January 1, 2008 Teck Resources Limited has the same RSP rate as  
20 the other Industrial Customers.
- 21 • The next Test Year will occur in 2011.
- 22 • The Corner Brook Pulp and Paper load is not reduced after 2009 for the  
23 most recent load decrease, as forecast information is not yet prepared.

**IC-NLH-22, Attachment 1, Page 118 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Net Hydraulic Production Variation**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 1 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Cost of Service Net Hydraulic Production (kWh)	Actual Net Hydraulic Production (kWh)	Monthly Net Hydraulic Production Variance (kWh) <b>(A - B)</b>	Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	Net Hydraulic Production Variation (\$) <b>(C / O<sup>1</sup> X D)</b>	Financing Charges (\$)	Cumulative Variation and Financing Charges (\$) <b>(E + F)</b>
Opening balance							(14,820,468)
January	427,100,000	477,077,144	(49,977,144)	54.17	(4,297,241)	(89,923)	(19,207,632)
February	388,680,000	437,972,596	(49,292,596)	54.73	(4,282,196)	(116,542)	(23,606,370)
March	415,080,000	503,744,129	(88,664,129)	55.46	(7,805,258)	(143,232)	(31,554,860)
April	355,520,000	390,350,281	(34,830,281)	55.46	(3,066,170)	(191,459)	(34,812,489)
May	324,240,000	347,865,812	(23,625,812)	55.46	(2,079,821)	(211,225)	(37,103,535)
June	328,500,000	358,079,359	(29,579,359)	54.49	(2,558,380)	(225,126)	(39,887,041)
July	386,790,000	353,156,726	33,633,274	54.49	2,909,011	(242,015)	(37,220,045)
August	379,140,000	354,560,633	24,579,367	54.49	2,125,920	(225,833)	(35,319,958)
September	363,560,000	355,244,466	8,315,534	54.49	719,228	(214,304)	(34,815,034)
October	340,510,000	395,269,826	(54,759,826)	54.56	(4,742,375)	(211,240)	(39,768,649)
November	364,390,000	357,071,095	7,318,905	54.56	633,840	(241,296)	(39,376,105)
December	398,560,000	440,644,093	(42,084,093)	58.98	(3,939,873)	(238,915)	(43,554,893)
	<u>4,472,070,000</u>	<u>4,771,036,160</u>	<u>(298,966,160)</u>		(26,383,315)	(2,351,110)	(43,554,893)
Hydraulic Allocation					10,300,946	2,351,110	12,652,056
Hydraulic Variation at Year End					<u>(16,082,369)</u>	<u>0</u>	<u>(30,902,837)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the Hydraulic variation balance and 100% of financing charges are allocated to customers as follows:

	<b>from Page 3</b>			<b>to Pages 7 &amp; 8</b>		
	12 month kWh	% of kWh	Allocation	Reallocate Rural		
Utility	4,959,752,852	81.8%	10,352,198	765,618	11,117,816	
Industrial	690,182,871	11.4%	1,440,578		1,440,578	
Rural	411,682,211	6.8%	859,280	(859,280)		
Labrador Interconnected write off				93,662		

**IC-NLH-22, Attachment 1, Page 119 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**No. 6 Fuel Variation**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 2 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) <b>(A - B)</b>	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) <b>(E - D)</b>	No.6 Fuel Variation (\$) <b>(C X F)</b>
January	315,296	1,267	314,029	54.17	69.1700	15.00	4,710,435
February	278,439	3,118	275,321	54.73	70.3400	15.61	4,297,761
March	231,652.72	1,240	230,413	55.46	71.09	15.63	3,601,351
April	169,327.48	583	168,744	55.46	71.52	16.06	2,710,036
May	134,027.25	329	133,698	55.46	71.52	16.06	2,147,194
June	26,532.55	258	26,275	54.49	79.33	24.84	652,660
July	338.54	337	2	54.49	89.89	35.40	55
August	-	408	(408)	54.49	89.89	35.40	(14,443)
September	135.04	369	(234)	54.49	89.95	35.46	(8,296)
October	102,573	256	102,317	54.56	90.06	35.50	3,632,242
November	215,331	1	215,330	54.56	82.18	27.62	5,947,416
December	255,028	2	255,026	58.98	59.25	0.27	68,857
	<u>1,728,681</u>	<u>8,168</u>	<u>1,720,513</u>		71.59	71.59	<u>27,745,268</u>

**IC-NLH-22, Attachment 1, Page 120 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance - Year-to-Date**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 3 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(\$)	Customers	Interconnected	(\$)	(\$)	Interconnected
		(kWh)	(kWh)	(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)			(\$)
January	5,013,930,402	757,617,114	402,636,925	6,174,184,441	3,825,249	578,004	307,182	4,710,435	273,699	33,483
February	5,010,687,516	745,479,712	405,359,469	6,161,526,697	7,325,661	1,089,897	592,639	9,008,196	528,041	64,598
March	5,037,540,915	725,101,494	407,923,188	6,170,565,597	10,294,212	1,481,744	833,590	12,609,547	742,729	90,861
April	5,021,579,114	715,981,052	407,769,144	6,145,329,310	12,518,206	1,784,857	1,016,520	15,319,583	905,719	110,801
May	5,010,732,890	698,078,678	407,998,011	6,116,809,579	14,308,334	1,993,390	1,165,053	17,466,777	1,038,062	126,991
June	4,998,998,529	681,489,224	409,750,041	6,090,237,794	14,872,825	2,027,540	1,219,072	18,119,437	1,086,193	132,879
July	4,991,379,950	667,970,307	410,477,609	6,069,827,866	14,900,137	1,994,008	1,225,347	18,119,492	1,091,784	133,563
August	5,008,640,188	651,211,541	411,239,047	6,071,090,776	14,936,636	1,942,026	1,226,387	18,105,049	1,092,711	133,676
September	5,010,044,656	648,919,073	411,961,865	6,070,925,594	14,934,385	1,934,355	1,228,013	18,096,753	1,094,160	133,853
October	5,012,364,843	661,618,615	412,275,567	6,086,259,025	17,895,007	2,362,093	1,471,895	21,728,995	1,311,458	160,437
November	5,004,210,952	684,182,648	412,005,514	6,100,399,114	22,703,203	3,104,013	1,869,195	27,676,411	1,665,453	203,742
December	4,959,752,852	690,182,871	411,682,211	6,061,617,934	22,701,806	3,159,108	1,884,354	27,745,268	1,678,959	205,395

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 121 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance - Monthly**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 4 of 12**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Fuel Variance</b>		<b>Rural Allocation</b>		<b>Total Fuel Variance</b>	<b>Fuel Variance</b>	
	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Activity for</b>	<b>Year-to-Date</b>	<b>Current Month</b>
	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>the month</b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
					<b>(B + D)</b>		
January	3,825,249	3,825,249	273,699	273,699	4,098,948	578,004	578,004
February	7,325,661	3,500,412	528,041	254,342	3,754,754	1,089,897	511,893
March	10,294,212	2,968,551	742,729	214,688	3,183,239	1,481,744	391,847
April	12,518,206	2,223,994	905,719	162,990	2,386,984	1,784,857	303,113
May	14,308,334	1,790,128	1,038,062	132,343	1,922,471	1,993,390	208,533
June	14,872,825	564,491	1,086,193	48,131	612,622	2,027,540	34,150
July	14,900,137	27,312	1,091,784	5,591	32,903	1,994,008	(33,532)
August	14,936,636	36,499	1,092,711	927	37,426	1,942,026	(51,982)
September	14,934,385	(2,251)	1,094,160	1,449	(802)	1,934,355	(7,671)
October	17,895,007	2,960,622	1,311,458	217,298	3,177,920	2,362,093	427,738
November	22,703,203	4,808,196	1,665,453	353,995	5,162,191	3,104,013	741,920
December	22,701,806	(1,397)	1,678,959	13,506	12,109	3,159,108	55,095
		<u>22,701,806</u>		<u>1,678,959</u>	<u>24,380,765</u>		<u>3,159,108</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 122 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Utility**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 5 of 12**

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$				(G - H) x I	(F + J)
January	574,800,000	590,752,934	15,952,934	54.17	0.08805	(32,957)	0	8,227	0.00841	(69)	(33,026)
February	518,600,000	534,671,108	16,071,108	54.73	0.08805	(18,915)	0	0	0.00841	0	(18,915)
March	524,700,000	559,719,845	35,019,845	55.46	0.08805	(639)	0	2,593	0.00841	(22)	(661)
April	429,200,000	435,748,667	6,548,667	55.46	0.08805	(120)	0	0	0.00841	0	(120)
May	358,700,000	370,754,647	12,054,647	55.46	0.08805	(220)	0	0	0.00841	0	(220)
June	298,400,000	298,799,572	399,572	54.49	0.08805	(623)	0	0	0.00841	0	(623)
July	293,400,000	276,980,859	(16,419,141)	54.49	0.08805	25,580	0	54,839	0.00841	(461)	25,119
August	287,000,000	281,448,327	(5,551,673)	54.49	0.08805	8,649	0	0	0.00841	0	8,649
September	297,700,000	286,814,735	(10,885,265)	54.49	0.08805	16,959	0	0	0.00841	0	16,959
October	360,200,000	373,078,329	12,878,329	54.56	0.08805	(18,633)	0	1,353	0.00841	(11)	(18,644)
November	439,300,000	414,408,089	(24,891,911)	54.56	0.08805	36,014	0	0	0.00841	0	36,014
December	543,800,000	536,495,923	(7,304,077)	58.98	0.08805	(40,677)	0	12,805	0.00841	(108)	(40,785)
	<u>4,925,800,000</u>	<u>4,959,673,035</u>	<u>33,873,035</u>			<u>(25,582)</u>	<u>0</u>	<u>79,817</u>		<u>(671)</u>	<u>(26,253)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 123 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Industrial**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 6 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b>
January	78,300,000	51,079,860	(27,220,140)	54.17	0.03676	(1,339,888)
February	70,900,000	52,387,448	(18,512,552)	54.73	0.03676	(927,720)
March	76,600,000	55,240,151	(21,359,849)	55.46	0.03676	(1,095,157)
April	75,600,000	59,372,548	(16,227,452)	55.46	0.03676	(832,010)
May	69,500,000	57,229,347	(12,270,653)	55.46	0.03676	(629,138)
June	73,800,000	56,004,405	(17,795,595)	54.49	0.03676	(885,012)
July	77,500,000	57,664,475	(19,835,525)	54.49	0.03676	(986,462)
August	77,900,000	56,228,407	(21,671,593)	54.49	0.03676	(1,077,773)
September	73,000,000	54,523,317	(18,476,683)	54.49	0.03676	(918,884)
October	74,400,000	61,772,188	(12,627,812)	54.56	0.03676	(629,410)
November	74,100,000	68,895,119	(5,204,881)	54.56	0.03676	(259,428)
December	72,700,000	59,785,606	(12,914,394)	58.98	0.03676	(734,300)
	<u>894,300,000</u>	<u>690,182,871</u>	<u>(204,117,129)</u>			<u>(10,315,182)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 124 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 7 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment (2)	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				(A + B + C)			
Opening Balance <sup>(3)</sup>							(14,652,167)
January	(33,026)	4,098,948	126,133	4,192,055	(88,902)	2,055,849	(8,493,166)
February	(18,915)	3,754,754	42,481	3,778,320	(51,532)	1,860,655	(2,905,723)
March	(661)	3,183,239	42,112	3,224,690	(17,630)	1,947,834	2,249,172
April	(120)	2,386,984	59,898	2,446,762	13,647	1,516,405	6,225,986
May	(220)	1,922,471	64,030	1,986,281	37,776	1,290,226	9,540,269
June	(623)	612,622	57,595	669,594	57,886	1,039,823	11,307,572
Balance of Historic Plan <sup>(4)</sup>							(2,238,025)
July	25,119	32,903	8,966	66,988	55,029	(2,083,308)	7,108,255
August	8,649	37,426	(115,302)	(69,227)	43,129	(2,116,491)	4,965,666
September	16,959	(802)	(110,476)	(94,319)	30,129	(2,156,847)	2,744,629
October	(18,644)	3,177,920	(108,416)	3,050,860	16,653	(2,805,559)	3,006,583
November	36,014	5,162,191	(127,946)	5,070,259	18,242	(3,116,349)	4,978,735
December	(40,785)	12,109	(157,798)	(186,473)	30,208	(4,034,546)	787,924
Year to date	(26,253)	24,380,765	(218,723)	24,135,789	144,635	(6,602,308)	17,678,116
2003 Utility Plan Balance							(2,238,025)
Hydraulic allocation							(11,117,816)
Total	(26,253)	24,380,765	(218,723)	24,135,789	144,635	(6,602,308)	(10,329,892)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is \$0.348 cents per kWh effective July 1, 2007 to June 30, 2008 and \$0.752 effective July 1, 2008.

(3) The December 2007 closing balance of \$14,659,375 payable was reduced by \$7,210 related to a Rural Rate Alteration adjustment in July 2007.

(4) The balance in plan for utility customers will be recovered as a component of the current plan in accordance with Section E of the Rate Stabilization Plan.

**IC-NLH-22, Attachment 1, Page 125 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 8 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
Opening Balance						(8,828,968)
January	(1,339,888)	578,004	(761,884)	(53,570)	708,988	(8,935,434)
February	(927,720)	511,893	(415,827)	(54,216)	727,138	(8,678,339)
March	(1,095,157)	391,847	(703,310)	(52,656)	766,733	(8,667,572)
April	(832,010)	303,113	(528,897)	(52,590)	824,091	(8,424,968)
May	(629,138)	208,533	(420,605)	(51,118)	794,343	(8,102,347)
June	(885,012)	34,150	(850,862)	(49,161)	777,341	(8,225,029)
July	(986,462)	(33,532)	(1,019,994)	(49,905)	800,383	(8,494,545)
August	(1,077,773)	(51,982)	(1,129,755)	(51,541)	780,450	(8,895,391)
September	(918,884)	(7,671)	(926,555)	(53,973)	756,784	(9,119,135)
October	(629,410)	427,738	(201,672)	(55,330)	857,398	(8,518,739)
November	(259,428)	741,920	482,492	(51,687)	956,264	(7,131,670)
December	(734,300)	55,095	(679,205)	(43,271)	829,824	(7,024,322)
Year to date	(10,315,182)	3,159,108	(7,156,074)	(619,018)	9,579,738	1,804,646
Hydraulic allocation						(1,440,578)
Total	(10,315,182)	3,159,108	(7,156,074)	(619,018)	9,579,738	(8,464,900)

(1) The RSP adjustment rate for Industrial Customers 1.388 cents per kWh effective January 1, 2008.

**IC-NLH-22, Attachment 1, Page 126 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Overall Summary**  
**Dec-08**

**Attachment 1**  
**IC-NLH-5**  
**Page 9 of 12**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
December 2007	(14,820,468)	(14,652,167)	(8,828,968)	(38,301,604)
January	(19,207,632)	(8,493,166)	(8,935,434)	(36,636,231)
February	(23,606,370)	(2,905,723)	(8,678,339)	(35,190,432)
March	(31,554,860)	2,249,172	(8,667,572)	(37,973,260)
April	(34,812,489)	6,225,986	(8,424,968)	(37,011,471)
May	(37,103,535)	9,540,269	(8,102,347)	(35,665,614)
June	(39,887,041)	11,307,572	(8,225,029)	(36,804,499)
July	(37,220,045)	7,108,255	(8,494,545)	(38,606,335)
August	(35,319,958)	4,965,666	(8,895,391)	(39,249,683)
September	(34,815,034)	2,744,629	(9,119,135)	(41,189,540)
October	(39,768,649)	3,006,583	(8,518,739)	(45,280,806)
November	(39,376,105)	4,978,735	(7,131,670)	(41,529,040)
December	(30,902,837)	(10,329,892)	(8,464,900)	(49,697,629)

**IC-NLH-22, Attachment 1, Page 127 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
 Actuals to September, Sept. 30, 2008 Fuel Forecast, June 4, 2008 Load Forecast, 2008 Rate Freeze  
 Industrial Customers

Attachment 1  
 IC-NLH-5  
 Page 10 of 12

October, 2008

**Line**

<b>No</b>	<b>Customer Allocation</b>	<b>Amount</b>	<b>Comments</b>
1	September Fuel Price Projection	\$ 100.65	From Page 11
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 45.25	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	Line 24
5	Forecast Fuel Variance	\$ 97,018,715	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	10.44%	From Line 9
7	Industrial Customer Allocation September	\$ 10,128,754	Line 5 x Line 6

		<b>kWh</b>	<b>Percent of Total</b>	<b>Allocation of Rural</b>	<b>Total</b>
8	12 months to date (Oct 2007 - Sep 2008) Utility Sales	5,010,044,656	82.76%	6.06%	88.82%
9	12 months to date (Oct 2007 - Sep 2008) Industrial Customer Sales	648,919,073	10.44%	0.00%	10.44%
10	Less: Forecast reduction in CBPP load for 2008 <sup>(1)</sup>	(16,900,000)			
11	Less: Forecast reduction in Abitibi GF load for 2009 <sup>(2)</sup>				
12	Revised 12 months to date (Oct 2007 - Sep 2008) Industrial Customer Sales	632,019,073			
13	12 months to date (Oct 2007 - Sep 2008) Bulk Rural Energy	411,961,865	6.80%	-6.80%	0.00%
14	Total	6,054,025,594			

**Estimate of Industrial Fuel Price Projection Rider**  
Rate Rider

	<b>Amount</b>	<b>Comments</b>
15	Industrial Allocation September	\$ 10,128,754 From Line 7
16	12 months to date Industrial Sales (kWh)	632,019,073 From Line 12
17	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(3)</sup>	16.03 Line 15/Line 16 x 1000

- <sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 16,900,000 kWh in CBPP load for the remainder of 2008.
- <sup>(2)</sup> Effective April 1, 2009, Abitibi GF will cease operation. This has resulted in a forecast reduction of 0 kWh in Abitibi load for 2009.
- <sup>(3)</sup> The Industrial allocation of \$10,128,754 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2008.

**2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load**

2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood, adjusted as for NP		2,467,396
19	Forecast reduction in CBPP load for 2008	197,500,000
20	2007 Test Year Transmission Loss Percentage	3.14%
21	CBPP reduced kWh	203,701,500
22	Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630
23	Barrels Displaced at Holyrood due to CBPP load reduction	323,336
Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,144,060

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**Fuel Price Projection**  
**As at September 30, 2008**

Attachment 1  
IC-NLH-5  
Page 11 of 12

		\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>		
2009 January		88.30
February		93.00
March		88.50
April		90.90
May		96.00
June		98.70
July		103.90
August		105.90
September		100.50
October		95.80
November		92.60
December		89.30
Average \$Cdn/bbl <sup>(2)</sup>		95.30
NLH Test Year Contract Discount (\$US/bbl)		<u>(0.218)</u>
		\$95.08
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>		<u>1.0583</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>		<u>\$100.65</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 30, 2008.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2008, rounded to 4 decimal places.

## 2013 RSP Application

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Actuals to December, Sept. 30, 2008 Fuel Forecast, June 4, 2008 Load Forecast, 2008 Rate Freeze  
 Industrial Customers

Attachment 1

IC-NLH-5

Page 12 of 12

December, 2008

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	Current Plan		
1	December Balance	\$ (8,464,900)	Page 8 of 12
2	Forecast Financing Costs to December 31, 2009	\$ (347,725)	Line 23
3	Total	\$ (8,812,625)	Line 1 plus Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	690,182,871	Page 6 of 12
5	(mills per kWh)	(12.77)	Line 3/Line 4*1000
	Fuel Price Projection Rider		
6	Industrial Fuel Price Projection	\$ 10,128,754	From Page 10, Line 7
7	12 months to date (Jan - Dec) Industrial Customer Sales (kWh) divided by	690,182,871	Page 6 of 12
8	(mills per kWh)	14.68	Line 6/Line 7*1000
9	Industrial RSP Adjustment Rate	1.91	Line 5 plus Line 8

## Industrial Customer Forecast Financing Charges

2009

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
 Nominal Financing Rate 7.281%

	2008Month Sales kWh	Financing Costs	Adjustment	Total To Date Balance
10	Balance Forward			(8,464,900)
11	January	51,079,860	(51,361)	652,290
12	February	52,387,448	(47,715)	668,988
13	March	55,240,151	(43,945)	705,417
14	April	59,372,548	(39,932)	758,187
15	May	57,229,347	(35,574)	730,819
16	June	56,004,405	(31,355)	715,176
17	July	57,664,475	(27,206)	736,375
18	August	56,228,407	(22,903)	718,037
19	September	54,523,317	(18,685)	696,263
20	October	61,772,188	(14,574)	788,831
21	November	68,895,119	(9,876)	879,791
22	December	59,785,606	(4,598)	763,462
23	Total	690,182,871	(347,725)	8,813,635

**IC-NLH-22, Attachment 1, Page 130 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Net Hydraulic Production Variation**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 1 of 9**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Cost of Service Net Hydraulic Production (kWh)	Actual Net Hydraulic Production (kWh)	Monthly Net Hydraulic Production Variance (kWh) <b>(A - (B+B1))</b>	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Net Hydraulic Production Variation (\$) <b>(C / O<sup>1</sup> X D)</b>	Financing Charges (\$)	Cumulative Variation and Financing Charges (\$) <b>(E + F)</b>
Opening balance							(30,902,837)
January	427,100,000	511,622,865	(84,522,865)	54.17	(7,267,625)	(187,503)	(38,357,965)
February	388,680,000	425,437,286	(36,757,286)	54.73	(3,193,216)	(232,737)	(41,783,918)
March	415,080,000	429,499,125	(14,419,125)	55.46	(1,269,341)	(253,524)	(43,306,783)
April	355,520,000	299,936,291	55,583,709	55.46	4,893,131	(262,764)	(38,676,416)
May	324,240,000	292,689,277	31,550,723	55.46	2,777,465	(234,669)	(36,133,620)
June	328,500,000	285,248,235	43,251,765	54.49	3,740,934	(219,241)	(32,611,927)
July							
August							
September							
October							
November							
December							
	<u>2,239,120,000</u>	<u>2,244,433,079</u>	<u>(5,313,079)</u>		(318,652)	(1,390,438)	(32,611,927)
Hydraulic Allocation							-
Hydraulic Variation at Year End					<u>(318,652)</u>	<u>(1,390,438)</u>	<u>(32,611,927)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 131 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**No. 6 Fuel Variation**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 2 of 9**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) <b>(A - B)</b>	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) <b>(E - D)</b>	No.6 Fuel Variation (\$) <b>(C X F)</b>
January	310,422	690	309,732	54.17	50.5300	(3.64)	(1,127,424)
February	256,185	2,424	253,761	54.73	46.9900	(7.74)	(1,964,110)
March	238,387.81	1,139	237,249	55.46	47.52	(7.94)	(1,883,756)
April	163,842.00	-	163,842	55.46	46.37	(9.09)	(1,489,324)
May	59,632.00	-	59,632	55.46	46.37	(9.09)	(542,055)
June	23,342.00	-	23,342	54.49	46.40	(8.09)	(188,837)
July							
August							
September							
October							
November							
December							
	<u>1,051,811</u>	<u>4,253</u>	<u>1,047,558</u>				<u>(7,195,506)</u>

**IC-NLH-22, Attachment 1, Page 132 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance - Year-to-Date**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 3 of 9**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)			
January	5,005,151,512	689,749,882	414,470,780	6,109,372,174	(923,651)	(127,286)	(76,487)	(1,127,424)	(68,150)	(8,337)
February	5,010,856,454	680,296,222	412,537,210	6,103,689,886	(2,538,011)	(344,572)	(208,950)	(3,091,534)	(186,174)	(22,776)
March	5,003,195,483	666,365,030	412,541,893	6,082,102,406	(4,092,721)	(545,101)	(337,469)	(4,975,290)	(300,685)	(36,784)
April	4,989,239,677	625,317,933	413,558,514	6,028,116,124	(5,350,512)	(670,597)	(443,505)	(6,464,614)	(395,163)	(48,342)
May	4,968,395,779	587,975,854	413,195,928	5,969,567,561	(5,831,562)	(690,126)	(484,981)	(7,006,669)	(432,118)	(52,863)
June	4,973,908,918	562,003,055	409,782,881	5,945,694,854	(6,019,446)	(680,139)	(495,921)	(7,195,506)	(441,866)	(54,055)
July										
August										
September										
October										
November										
December										

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 133 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance - Monthly**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 4 of 9**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Fuel Variance</b>		<b>Rural Allocation</b>		<b>Total Fuel Variance</b>	<b>Fuel Variance</b>	
	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Activity for</b>	<b>Year-to-Date</b>	<b>Current Month</b>
	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>the month</b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
					<b>(B + D)</b>		
January	(923,651)	(923,651)	(68,150)	(68,150)	(991,801)	(127,286)	(127,286)
February	(2,538,011)	(1,614,360)	(186,174)	(118,024)	(1,732,384)	(344,572)	(217,286)
March	(4,092,721)	(1,554,710)	(300,685)	(114,511)	(1,669,221)	(545,101)	(200,529)
April	(5,350,512)	(1,257,791)	(395,163)	(94,478)	(1,352,269)	(670,597)	(125,496)
May	(5,831,562)	(481,050)	(432,118)	(36,955)	(518,005)	(690,126)	(19,529)
June	(6,019,446)	(187,884)	(441,866)	(9,748)	(197,632)	(680,139)	9,987
July							
August							
September							
October							
November							
December							
		<u>(6,019,446)</u>		<u>(441,866)</u>	<u>(6,461,312)</u>		<u>(680,139)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**IC-NLH-22, Attachment 1, Page 134 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Utility**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 5 of 9**

H:\Rates\Pub Applications Misc\2009\IC RSP Rate June\RFIs\_FINAL\Batch 3\IC-NLH-5 Attachment 2.xls]Summary current

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			C x {(D/O) <sup>1</sup> - E}				(G - H) x I	(F + J)
January	574,800,000	636,159,821	61,359,821	54.17	0.08805	(126,762)	0	0	0.00841	0	(126,762)
February	518,600,000	540,373,649	21,773,649	54.73	0.08805	(25,627)	0	2,401	0.00841	(20)	(25,647)
March	524,700,000	552,059,084	27,359,084	55.46	0.08805	(499)	0	2,383	0.00841	(20)	(519)
April	429,200,000	421,770,620	(7,429,380)	55.46	0.08805	136	0	22,241	0.00841	(187)	(51)
May	358,700,000	347,556,066	(11,143,934)	55.46	0.08805	203	0	2,354,683	0.00841	(19,803)	(19,600)
June	298,400,000	299,536,918	1,136,918	54.49	0.08805	(1,771)	0	4,775,793	0.00841	(40,164)	(41,935)
July											
August											
September											
October											
November											
December											
	<u>2,704,400,000</u>	<u>2,797,456,158</u>	<u>93,056,158</u>			<u>(154,320)</u>	<u>0</u>	<u>7,157,501</u>		<u>(60,195)</u>	<u>(214,515)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 135 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation - Industrial**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 6 of 9**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b>
January	78,300,000	50,646,871	(27,653,129)	54.17	0.03676	(1,361,201)
February	70,900,000	42,933,788	(27,966,212)	54.73	0.03676	(1,401,471)
March	76,600,000	41,308,959	(35,291,041)	55.46	0.03676	(1,809,433)
April	75,600,000	18,325,451	(57,274,549)	55.46	0.03676	(2,936,566)
May	69,500,000	19,887,268	(49,612,732)	55.46	0.03676	(2,543,731)
June	73,800,000	30,031,606	(43,768,394)	54.49	0.03676	(2,176,693)
July						
August						
September						
October						
November						
December						
	<u>444,700,000</u>	<u>203,133,943</u>	<u>(241,566,057)</u>			<u>(12,229,095)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

**IC-NLH-22, Attachment 1, Page 136 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 7 of 9**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment <sup>(2)</sup>	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	<b>(A + B + C)</b>						
Opening Balance							(10,329,892)
January	(126,762)	(991,801)	(260,611)	(1,379,174)	(62,677)	(4,783,922)	(16,555,665)
February	(25,647)	(1,732,384)	(319,568)	(2,077,599)	(100,451)	(4,063,628)	(22,797,343)
March	(519)	(1,669,221)	(207,444)	(1,877,184)	(138,323)	(4,151,502)	(28,964,352)
April	(51)	(1,352,269)	(192,147)	(1,544,467)	(175,741)	(3,171,882)	(33,856,443)
May	(19,600)	(518,005)	(160,450)	(698,055)	(205,424)	(2,631,329)	(37,391,250)
June	(41,935)	(197,632)	(142,567)	(382,134)	(226,871)	(2,288,432)	(40,288,687)
July							
August							
September							
October							
November							
December							
Year to date	(214,515)	(6,461,312)	(1,282,787)	(7,958,614)	(909,487)	(21,090,695)	(29,958,795)
Hydraulic allocation							
Total	(214,515)	(6,461,312)	(1,282,787)	(7,958,614)	(909,487)	(21,090,695)	(40,288,687)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility \$0.752 effective July 1, 2008.

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 8 of 9**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
Opening Balance						(8,464,900)
January	(1,361,201)	(127,286)	(1,488,487)	(51,361)	(96,736)	(10,101,484)
February	(1,401,471)	(217,286)	(1,618,757)	(61,291)	(82,004)	(11,863,535)
March	(1,809,433)	(200,529)	(2,009,962)	(71,982)	(78,900)	(14,024,379)
April	(2,936,566)	(125,496)	(3,062,062)	(85,093)	(35,002)	(17,206,536)
May	(2,543,731)	(19,529)	(2,563,260)	(104,401)	(37,985)	(19,912,181)
June	(2,176,693)	9,987	(2,166,706)	(120,817)	(57,360)	(22,257,065)
July						
August						
September						
October						
November						
December						
Year to date	(12,229,095)	(680,139)	(12,909,234)	(494,945)	(387,986)	(13,792,165)
Hydraulic allocation						
Balance of historic plan						0
Total	(12,229,095)	(680,139)	(12,909,234)	(494,945)	(387,986)	(22,257,065)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is (0.191) cents per kWh effective January 1, 2008.

**IC-NLH-22, Attachment 1, Page 138 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Overall Summary**  
**Dec-09**

**Attachment 2**  
**IC-NLH-5**  
**Page 9 of 9**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
December 2008	(30,902,837)	(10,329,892)	(8,464,900)	(49,697,629)
January	(38,357,965)	(16,555,665)	(10,101,484)	(65,015,113)
February	(41,783,918)	(22,797,343)	(11,863,535)	(76,444,796)
March	(43,306,783)	(28,964,352)	(14,024,379)	(86,295,514)
April	(38,676,416)	(33,856,443)	(17,206,536)	(89,739,394)
May	(36,133,620)	(37,391,250)	(19,912,181)	(93,437,052)
June	(32,611,927)	(40,288,687)	(22,257,065)	(95,157,679)
July				
August				
September				
October				
November				
December				

**IC-NLH-22, Attachment 1, Page 139 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Industrial Customers

Attachment 3  
 IC-NLH-5  
 Page 1 of 3

December, 2007

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Current Plan</u>		
1	December Balance	\$ (8,828,968)	
2	Forecast Financing Costs to December 31, 2008	\$ (342,742)	Line 25
3	Total	\$ (9,171,710)	Line 1 plus Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	771,198,558	
5	Less: Forecast reduction in CBPP sales <sup>(1)</sup>	(165,300,000)	
6		<u>divided by</u>	<u>605,898,558</u>
7	Current Plan (mills per kWh)		(15.14) Line 3/Line 6*1000
	<u>Fuel Price Projection Rider</u>		
8	Industrial Fuel Price Projection	\$ 760,412	Page 2, Line 7
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	<u>605,898,558</u>	Line 6
10	Fuel Rider (mills per kWh)	<u>1.26</u>	Line 8/Line 9*1000
11	Industrial RSP Adjustment Rate (mills per kWh)	<u>(13.88)</u>	Line 7 plus Line 10

**Industrial Customer Forecast Financing Charges**  
 2008

2007 Test Year Weighted Average Cost of Capital per annum		7.529%		
Nominal Financing Rate		7.281%		
	2007Month Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
12	Balance Forward			(8,828,968)
13	January	47,761,303	(53,570)	723,106
14	February	48,724,850	(49,507)	737,694
15	March	58,718,369	(45,332)	888,996
16	April	52,192,990	(40,213)	790,202
17	May	58,231,721	(35,662)	881,628
18	June	56,293,859	(30,529)	852,289
19	July	54,283,392	(25,543)	821,851
20	August	56,087,173	(20,712)	849,160
21	September	41,315,785	(15,685)	625,521
22	October	32,172,646	(11,985)	487,094
23	November	46,331,086	(9,102)	701,453
24	December	53,785,383	(4,901)	814,311
25	Total	<u>605,898,557</u>	<u>(342,742)</u>	<u>9,173,304</u>

<sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 165,300,000 kWh in CBPP load for 2008.

**IC-NLH-22, Attachment 1, Page 140 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN - ESTIMATED FUEL PRICE PROJECTION RIDER  
Industrial Customers

Attachment 3  
IC-NLH-5  
Page 2 of 3

October, 2007

Line No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 58.85	From Page 3
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 3.45	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	Line 23
5	Forecast Fuel Variance	\$ 7,397,007	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	10.28%	From Line 9
7	Industrial Customer Allocation September	\$ 760,412	Line 5 x Line 6

	kWh	Percent of Total	Allocation of Rural	Total
8 12 months to date (Oct 2006 - Sep 2007) Utility Sales	4,890,302,421	83.03%	5.96%	88.99%
9 12 months to date (Oct 2006 - Sep 2007) Industrial Customer Sales	802,684,145	10.28%	0.00%	10.28%
10 Less: Forecast reduction in CBPP load for 2008 <sup>(1)</sup>	(197,500,000)			
11 Revised 12 months to date (Oct 2006 - Sep 2007) Industrial Customer Sales	605,184,145			
12 12 months to date (Oct 2006 - Sep 2007) Bulk Rural Energy	394,303,282	6.69%	-6.69%	0.00%
13 Total	5,889,789,848			

	Amount	Comments
<b>Estimate of Industrial Fuel Price Projection Rider</b>		
<u>Rate Rider</u>		
14 Industrial Allocation September	\$ 760,412	From Line 7
15 12 months to date Industrial Sales (kWh)	605,184,145	From Line 11
16 Estimated Fuel Price Projection Rider (mills per kWh) <sup>(2)</sup>	1.26	Line 14/Line 15

<sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 197,500,000 kWh in CBPP load for 2008.

<sup>(2)</sup> The Industrial allocation of 760,412 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2007.

<b>2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load</b>			
17	2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,467,396
18	Forecast reduction in CBPP load for 2008	197,500,000	
	2007 Test Year Transmission Loss		
19	Percentage	3.14%	
20	CBPP reduced kWh	203,701,500	
	Holyrood Operating Efficiency 2007 Test		
21	Year (kWh/bbl)	630	
	Barrels Displaced at Holyrood due to CBPP		
22	load reduction	323,336	(323,336)
	Adjusted 2007 Test Year Barrels of No. 6		
23	Fuel forecast to be consumed at Holyrood		2,144,060

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**Fuel Price Projection**  
**As at September 28, 2007**

Attachment 3  
IC-NLH-5  
Page 3 of 3

	\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>	
2008 January	59.90
February	58.50
March	56.00
April	56.10
May	56.00
June	57.10
July	58.00
August	60.20
September	57.60
October	57.40
November	57.70
December	56.90
Average \$US/bbl <sup>(2)</sup>	57.60
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$57.38
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>	<u>1.0254</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>	<u>\$58.85</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 28, 2007.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2007, rounded to 4 decimal places.

**RSP Components to be charged to Industrial Customers**

---

1 Q. (a) Calculate, for each Industrial Customer, the difference in what has been paid by  
2 each of them under the interim rates in each of 2007, 2008, and 2009 to date, as  
3 compared to what would have been paid by each of them if all the RSP rules had  
4 been applied in accordance with the assumption set out in IC-NLH-5.

5

6 (b) Project, for each Industrial Customer and assuming that expected future power  
7 consumption and other variables specific to each Industrial Customer will remain as  
8 expected by Hydro based on Hydro's most current information, the difference in  
9 what will be paid by each of them under the existing interim rates, as final rates, in  
10 the remainder of 2009, 2010 and 2011, as compared to what would be paid by each  
11 of them if all the RSP rules are applied in accordance with the assumption set out in  
12 IC-NLH-5.

13

14

15 A. Please refer to Attachment 1.

**Newfoundland and Labrador Hydro**  
**Industrial Customers - Island Interconnected**  
**Rate Stabilization Payments**

**Attachment 1**  
**IC-NLH-6**  
**Page 1 of 2**

**(a)**

	<b>Abitibi Price Inc. Grand Falls Division</b>	<b>North Atlantic Refining Limited</b>	<b>Corner Brook Pulp and Paper Limited</b>	<b>Abitibi Price Inc. Stephenville Division</b>	<b>Aur Resources/ Teck Cominco</b>	<b>Total</b>
<b>2007 (Actual):</b>						
IC-NLH-5 Assumptions	(710,865.82)	(1,908,666.92)	(3,007,138.35)	(24,564.75)	(1,027,272.24)	(\$6,678,508.08)
Interim Rates	(710,865.82)	(1,908,666.92)	(3,007,138.35)	(24,564.75)	(1,027,272.24)	(6,678,508.08)
Increase / (Decrease)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>2008 (Actual):</b>						
IC-NLH-5 Assumptions	(\$1,321,103.76)	(\$3,547,391.04)	(\$3,861,389.34)	N/A	(\$849,854.12)	(\$9,579,738.26)
Interim Rates	(747,166.03)	(2,006,269.41)	(2,183,854.91)	N/A	(1,224,573.64)	(6,161,863.99)
Increase / (Decrease)	(\$573,937.73)	(\$1,541,121.63)	(\$1,677,534.43)	N/A	\$374,719.52	(\$3,417,874.27)
<b>January 1 - June 30, 2009 (Actual):</b>						
IC-NLH-5 Assumptions	\$12,566.78	\$184,885.74	\$129,751.14	N/A	\$60,782.18	\$387,985.84
Interim Rates	(51,648.83)	(759,870.68)	(533,270.38)	N/A	(636,462.58)	(1,981,252.47)
Increase / (Decrease)	\$64,215.61	\$944,756.42	\$663,021.52	N/A	\$697,244.76	\$2,369,238.31

**Newfoundland and Labrador Hydro**  
**Industrial Customers - Island Interconnected**  
**Rate Stabilization Payments**

**Attachment 1**  
**IC-NLH-6**  
**Page 2 of 2**

**(b)**

	<b>Abitibi Price Inc. Grand Falls Division</b>	<b>North Atlantic Refining Limited</b>	<b>Corner Brook Pulp and Paper Limited</b>	<b>Abitibi Price Inc. Stephenville Division</b>	<b>Aur Resources/ Teck Cominco</b>	<b>Total</b>
<b>July 1 - December 31, 2009 (Based Upon May 21, 2009 Load Forecast):</b>						
IC-NLH-5 Assumptions	N/A	\$244,862.00	\$87,096.00	N/A	\$58,255.00	\$390,213.00
Interim Rates	N/A	(1,006,370.00)	(357,960.00)	N/A	(610,000.00)	(1,974,330.00)
Increase / (Decrease)	N/A	\$1,251,232.00	\$445,056.00	N/A	\$668,255.00	\$2,364,543.00
<b>2010 (Based Upon May 21, 2009 Load Forecast):</b>						
IC-NLH-5 Assumptions	N/A	(\$22,180,046.00)	(\$20,915,356.00)	N/A	(\$5,451,250.00)	(\$48,546,652.00)
Interim Rates	N/A	(1,996,255.00)	(1,882,430.00)	N/A	(1,250,000.00)	(5,128,685.00)
Increase / (Decrease)	N/A	(\$20,183,791.00)	(\$19,032,926.00)	N/A	(\$4,201,250.00)	(\$43,417,967.00)
<b>2011 (Based Upon May 21, 2009 Load Forecast):</b>						
IC-NLH-5 Assumptions	N/A	\$1,027,986.00	\$1,050,324.00	N/A	\$273,750.00	\$2,352,060.00
Interim Rates	N/A	(1,842,395.00)	(1,882,430.00)	N/A	(1,250,000.00)	(4,974,825.00)
Increase / (Decrease)	N/A	\$2,870,381.00	\$2,932,754.00	N/A	\$1,523,750.00	\$7,326,885.00

1 Q. Explain how amounts related to the historical portion of the RSP have been  
2 accounted for in Hydro's financial statements, starting with the financial statements  
3 for 2007 and in the financial statements prepared for subsequent periods to date.

4

5

6 A. Hydro's financial statements do not show a separate amount related to the  
7 historical portion of the RSP. The RSP report is, however, broken down by historical  
8 and current, and the historical portion was shown separately. In accordance with  
9 Section E of the RSP Rules, the balances in the Historic Plan were added to the plan  
10 in effect at the end of the five-year recovery period of the Historic Plan. For the  
11 Industrial Customers \$1.4 million over recovery of the Historic Plan was credited to  
12 the current plan as of December 31, 2007. For Newfoundland Power, \$2.2 million  
13 was credited to the current plan on June 30, 2008.

**RSP Components to be charged to Industrial Customers**

---

- 1 Q. What are Hydro's projections of the RSP portion of the rates to be charged to  
2 Industrial Customers up to and including 2011  
3 (a) based on the assumption that Hydro's Application is granted?  
4 (b) based on the assumption that Hydro's Application is granted except in respect of  
5 the change in rates sought for Teck Resources Limited (formerly Teck Cominco  
6 Limited)?  
7 (c) based on the assumption set out in IC-NLH-5?  
8  
9
- 10 A. (a) Based on the assumption that Hydro's Application is granted, the RSP portion of  
11 the rates to be charged to Industrial Customers will remain at (0.785) ¢ per kWh in  
12 2010 and is projected to be (8.816) ¢ per kWh in 2011 (assuming 2011 is a Test Year  
13 in which the RSP rate does not include a Fuel Rider component) as shown in  
14 Attachment 1.  
15
- 16 (b) Based on the Assumption that Hydro's Application is granted except in respect  
17 of the change in rates sought for Teck Resources Limited (formerly Teck Cominco  
18 Limited), the RSP portion of the rates to be charged to Industrial Customers  
19 (excluding Teck Resources Limited) will remain at (0.785) ¢ per kWh in 2010. Teck  
20 Resources Limited will remain at (2.000) ¢ per kWh in 2010. The RSP portion of the  
21 rates to be charged to Industrial Customers is projected to be (8.597) ¢ per kWh in  
22 2011 (assuming 2011 is a Test Year in which the RSP rate does not include a Fuel  
23 Rider component) as shown in Attachment 2. The rate to be charged to Teck  
24 Resources Limited will be the same as that of the other Industrial Customers in  
25 2011.

IC-NLH-8

**RSP Components to be charged to Industrial Customers**

---

**Page 2 of 2**

1 (c) Based on the assumption set out in IC-NLH-5, the RSP portion of the rates to be  
2 charged to Industrial Customers is projected to be (8.782) ¢ per kWh in 2010 as  
3 shown in Attachment 3 and (0.359) ¢ per kWh in 2011 (assuming 2011 is a Test Year  
4 in which the RSP rate does not include a Fuel Rider component) as shown in  
5 Attachment 4.

**IC-NLH-22, Attachment 1, Page 148 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Industrial Customers

**Attachment 1**  
**IC-NLH-8**  
**Page 1 of 1**

December, 2010

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	Current Plan		
	December Balance	\$ (47,765,465)	
1	Forecast Financing Costs to December 31, 2011	\$ (1,902,260)	Line
2	Total	\$ (49,667,725)	Line 1 plus Line 2
3	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	563,400,000	
4	divided by		
	(mills per kWh)	(88.16)	Line 3/Line 4*1000

**Industrial Customer Forecast Financing Charges**  
 2011

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
 Nominal Financing Rate 7.281%

	2010 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
Balance Forward				(47,765,465)
5 January	48,600,000	(289,817)	4,284,576	(43,770,706)
6 February	43,800,000	(265,579)	3,861,408	(40,174,877)
7 March	48,700,000	(243,761)	4,293,392	(36,125,246)
8 April	46,500,000	(219,190)	4,099,440	(32,244,996)
9 May	48,000,000	(195,647)	4,231,680	(28,208,963)
10 June	46,400,000	(171,158)	4,090,624	(24,289,496)
11 July	47,600,000	(147,377)	4,196,416	(20,240,457)
12 August	47,600,000	(122,809)	4,196,416	(16,166,850)
13 September	44,800,000	(98,092)	3,949,568	(12,315,374)
14 October	48,400,000	(74,724)	4,266,944	(8,123,154)
15 November	46,300,000	(49,287)	4,081,808	(4,090,633)
16 December	46,700,000	(24,820)	4,117,072	1,619
17 Total	563,400,000	(1,902,260)	49,669,344	

**IC-NLH-22, Attachment 1, Page 149 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Industrial Customers

**Attachment 2**  
**IC-NLH-8**  
**Page 1 of 1**

December, 2010

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	Current Plan		
	December Balance	\$ (46,581,109)	
1	Forecast Financing Costs to December 31, 2011	\$ (1,855,171)	Line
2	Total	\$ (48,436,280)	Line 1 plus Line 2
3	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	563,400,000	
4	(mills per kWh)	(85.97)	Line 3/Line 4*1000

**Industrial Customer Forecast Financing Charges**  
 2011

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
 Nominal Financing Rate 7.281%

	2010 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
Balance Forward				(46,581,109)
5 January	48,600,000	(282,631)	4,178,142	(42,685,598)
6 February	43,800,000	(258,995)	3,765,486	(39,179,107)
7 March	48,700,000	(237,719)	4,186,739	(35,230,087)
8 April	46,500,000	(213,759)	3,997,605	(31,446,241)
9 May	48,000,000	(190,800)	4,126,560	(27,510,481)
10 June	46,400,000	(166,920)	3,989,008	(23,688,393)
11 July	47,600,000	(143,729)	4,092,172	(19,739,950)
12 August	47,600,000	(119,772)	4,092,172	(15,767,550)
13 September	44,800,000	(95,670)	3,851,456	(12,011,764)
14 October	48,400,000	(72,881)	4,160,948	(7,923,697)
15 November	46,300,000	(48,077)	3,980,411	(3,991,363)
16 December	46,700,000	(24,218)	4,014,799	(782)
17 Total	563,400,000	(1,855,171)	48,435,498	

**IC-NLH-22, Attachment 1, Page 150 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Industrial Customers

**Attachment 3**  
**IC-NLH-8**  
**Page 1 of 1**

December, 2009

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Current Plan</u>		
	December Balance	\$ (36,401,981)	
1	Forecast Financing Costs to December 31, 2010	\$ (1,417,011)	Line
2	Total	\$ (37,818,992)	Line 1 plus Line 2
3	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	407,433,943	
4	Less forecast reduction in Abitibi sales	(6,579,470)	
5		<u>400,854,473</u>	
6	(mills per kWh)	(94.35)	Line 3/Line 6*1000
7	Fuel Price Projection Rider		
8	Industrial Fuel Price Projection	\$ 2,618,964	
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	400,854,473	
10	(mills per kWh)	<u>6.53</u>	Line 9/Line 10*1000
11	Total Current Plan (mills per kWh)	<u>(87.82)</u>	Line 7 plus Line 11

**Industrial Customer Forecast Financing Charges**  
 2010

2007 Test Year Weighted Average Cost of Capital per annum		7.529%		
Nominal Financing Rate		7.281%		
	2009 Sales <sup>1</sup> kWh	Financing Costs	Adjustment	Total To Date Balance
	Balance Forward			(36,401,981)
12	January	46,749,798	(220,869)	4,410,843
13	February	40,414,948	(195,446)	3,813,150
14	March	41,145,402	(173,496)	3,882,069
15	April	18,325,451	(150,994)	1,729,006
16	May	19,887,268	(141,420)	1,876,364
17	June	30,031,606	(130,893)	2,833,482
18	July	34,100,000	(114,495)	3,217,335
19	August	34,000,000	(95,668)	3,207,900
20	September	32,700,000	(76,785)	3,085,245
21	October	34,900,000	(58,531)	3,292,815
22	November	34,300,000	(38,907)	3,236,205
23	December	34,300,000	(19,507)	3,236,205
24	Total	<u>400,854,473</u>	<u>(1,417,011)</u>	<u>37,820,620</u>

2009 Sales adjusted for Abitibi GF shut down as follows:

1	January	3,897,073
	February	2,518,840
	March	163,557
		<u>6,579,470</u>

**IC-NLH-22, Attachment 1, Page 151 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Industrial Customers

**Attachment 4**  
**IC-NLH-8**  
**Page 1 of 1**

December, 2010

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	Current Plan		
	December Balance	\$ (1,946,931)	
1	Forecast Financing Costs to December 31, 2011	\$ (77,602)	Line
2	Total	\$ (2,024,533)	Line 1 plus Line 2
3	12 months to date (Jan - Dec) Industrial Customer Sales (kWh) divided by	563,400,000	
4	(mills per kWh)	(3.59)	Line 3/Line 4*1000

**Industrial Customer Forecast Financing Charges**  
 2011

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
 Nominal Financing Rate 7.281%

	2010 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
Balance Forward				(1,946,931)
5 January	48,600,000	(11,813)	174,474	(1,784,270)
6 February	43,800,000	(10,826)	157,242	(1,637,854)
7 March	48,700,000	(9,938)	174,833	(1,472,959)
8 April	46,500,000	(8,937)	166,935	(1,314,961)
9 May	48,000,000	(7,979)	172,320	(1,150,619)
10 June	46,400,000	(6,981)	166,576	(991,025)
11 July	47,600,000	(6,013)	170,884	(826,154)
12 August	47,600,000	(5,013)	170,884	(660,282)
13 September	44,800,000	(4,006)	160,832	(503,457)
14 October	48,400,000	(3,055)	173,756	(332,755)
15 November	46,300,000	(2,019)	166,217	(168,557)
16 December	46,700,000	(1,023)	167,653	(1,927)
17 Total	563,400,000	(77,602)	2,022,606	

1 Q. Explain how Hydro's suggestion to the Board, expressed in the June 30, 2009  
2 covering correspondence to this Application, that "the Board may wish to consider  
3 suspension of the existing load variation allocation rules and holding in abeyance  
4 current and future load variation amounts until such time as Hydro can develop a  
5 proposal to address the current anomalies in the RSP", differs, for the applicable  
6 period, from the effect of approving the interim rates as final rates as sought by the  
7 Application.

8

9

10 A. Hydro's suggestion to the Board is intended to offer an option such that load  
11 variation amounts calculated in the Industrial RSP would not be expressly indicated  
12 as attributable solely to Industrial Customers. This will not be explicitly done if the  
13 sole action of the Board is to approve interim rates as final.

**RSP Components to be charged to Industrial Customers**

- 1 Q. Please provide the scope and the timelines of the RSP Review provided for in the  
2 Settlement Agreement in Order No. P.U. 8 (2007).  
3  
4  
5 A. The scope of the RSP Review is included in the “Review of the Rate Stabilization  
6 Plan” report attached to NP-NLH-2. The proposed (from the above-referenced  
7 report) and actual timelines are shown below:

<b>Milestone</b>	<b>Proposed Date</b>	<b>Actual Date</b>	<b>Comment</b>
Agreement on review process	31-Jan-07	31-Jan-07	
Meetings with Parties to set design objectives and alternatives for RSP re-design	31-Mar-07	31-Mar-07	
Report to Board on RSP study Terms of Reference	31-May-07	31-May-07	
Preliminary report submitted for review of Parties	30-Jun-07	4-Jun-07	
Completion of discussions among Parties and tentative agreement on design	31-Jul-07	June 4 to August 17, 2007.	Agreement not reached.
Discussions among Parties restarted		10-Jul-08	
Redraft of RSP report begun with conference call		14-Oct-08	
Partial Redraft distributed for discussion		7-Nov-08	
Process delayed to consider IFRS impacts		8-Dec-08	
Letter from PU Board stating RSP report would no longer be done in the context of the 2006 GRA; IFRS issues still not determined		27-Feb-09	Letter attached to NP-NLH-2
Preliminary report on RSP review submitted to Board	31-Aug-07		
Final report on RSP design	30-Sep-07		
Technical Conference	31-Oct-07		
Application to Board	30-Nov-07		
Implementation	1-Jan-08		

1 Q. Please provide all written correspondence between Hydro and the Board with  
2 respect to RSP Review since the issuing of Order No. P.U. 8 (2007).  
3  
4

5 A. Please find in Attachment 1 all correspondence between Hydro and the Board with  
6 respect to RSP Review since the issuing of Order No. P.U. 8 (2007).



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

May 31, 2007

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland  
A1A 5B2


**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

The Board in Order No. P.U. 8 (2007) directed Hydro to file a report no later than May 31, 2007, on the Rate Stabilization Plan Review.

Enclosed please find ten (10) copies of that report entitled "Review of the Rate Stabilization Plan".

Yours very truly,

  
for Geoffrey P. Young  
Legal Counsel

GPY/  
Encls.

c.c. Gerard Hayes, Lorne Henderson, Kevin Fagan - Newfoundland Power Inc.  
Tom Johnson - Consumer Advocate  
Dave MacDonald - Corner Brook Pulp & Paper  
Joseph Hutchings, Q.C. - Poole, Althouse  
Paul Coxworthy - Stewart McKelvey Stirling Scales

# **REVIEW OF THE RATE STABILIZATION PLAN**



**NEWFOUNDLAND AND LABRADOR HYDRO**

**MAY 31, 2007**

## **Table of Contents**

1	Introduction.....	1
2	Background.....	3
3	Study Terms of Reference and Objectives.....	5
4	Design Components and Issues to be Reviewed.....	6
5	RSP Review Participants .....	8
5.1	Participants.....	8
5.2	Role and Involvement of Participants.....	8
5.3	Confidentiality .....	9
5.4	Payment of Costs .....	9
6	Outline of Review Process and Timeline.....	10

## 1 INTRODUCTION

This report is filed with the Board of Commissioners of Public Utilities (the Board) in response to Order No. P.U. 8 (2007), page 32 and page 65, item III, 8, wherein the Board ordered:

*"Hydro will be required to file with the Board no later than May 31, 2007 a copy of the terms which are proposed for the RSP review, setting out terms of reference, the specific review objectives, a list of participants, a planned timeline, and an outline of the review process."*

The Board plans to use this filing to determine its participation in the Rate Stabilization Plan (RSP) review and advise the parties accordingly.

The Board's Order was issued in response to the October 20, 2006 Agreement on Cost of Service, Rate Design and Rate Stabilization Plan, filed as part of Newfoundland and Labrador Hydro's (Hydro) 2006 General Rate Application (GRA), in particular, paragraph 8 stating:

*"Three review processes applying the principles set out in Attachment A shall be initiated by Hydro in 2007 to examine...*  
*iii. Re-design of the RSP to better meet design objectives."*

Since the conclusion of Hydro's 2006 General Rate Proceeding, the parties to the October 20, 2006 Agreement, including Hydro, Newfoundland Power, Industrial Customers and the Consumer Advocate (the Parties), have met on two occasions, exchanged data, and participated in the drafting of this document. The Parties have agreed to the RSP review terms and have initiated study, discussion and resolution of the issues. This report documents the review terms agreed upon by the Parties, thus meeting the requirements set out in the Board Order.

The report is organized as follows:

- Background;
- Study terms of reference and objectives;
- Design components and issues to be reviewed;
- RSP review participants, roles and involvement, confidentiality and payment of costs;  
and
- Outline of review process and timeline.

## **2 BACKGROUND**

The RSP has been a significant point of interest and debate during Hydro rate applications since its inception in 1986. Prior to 1986, Hydro had two separate reserve accounts that adjusted for variations from test year costs, specifically a Water Equalization Provision and a Fuel Adjustment Charge. The Water Equalization Provision normalized for fuel cost variations related to changes from normal hydraulic production. There was no automatic adjustment mechanism for the balance, based on the premise that hydraulic production variations tend to zero over time. Instead, it included a maximum provision of \$36 million that, when exceeded, required rate adjustments. The Fuel Adjustment Charge was a formula to recover generation costs attributable to fuel price differences from those reflected in test year rates. The adjustment was applied to rates in the month after the costs were incurred.

The RSP was implemented in 1986 as a result of a 1985 Board Report to Government. The purpose of the RSP was to smooth customer rate impacts that had occurred as a result of the Fuel Adjustment Charge, and includes variations between actual results and test year cost of service estimates for: 1) hydraulic production; 2) No. 6 fuel cost used at Holyrood generating station; and 3) customer load (Newfoundland Power and Industrial Customers). Rates were adjusted annually based on recovery of 1/3 of the annual balance.

Since its implementation in 1986, the RSP has gone through many modifications culminating in its current form. The current RSP includes the three original components, plus adjustments to account for variations in Hydro's rural revenues resulting from changes to rural rates that reflect the rates of Newfoundland Power. This latter component now relates specifically to Newfoundland Power, as Industrial Customers are now exempt from charges related to the Rural Deficit. In addition, a number of design changes have been made to the application and recovery of RSP amounts.

On June 30, 2006, Hydro filed a report on the operation of the RSP, which included proposals for further changes to the design. The RSP report, Hydro's 2006 GRA and this

review process identified these components to be reviewed: 1) isolated diesel fuel and purchased power costs; 2) municipal tax; and 3) CFB Goose Bay revenue credit.

The original RSP rules as well as the changes made since its inception have caused a number of concerns over the years by participants in Hydro's rate applications. Some of the concerns expressed include that the RSP: no longer reflects or meets its original intent and objectives; has become unwieldy and overly complex making it difficult to understand and audit; and may be providing incorrect incentives and benefits in its application. Some of these concerns were addressed during Hydro's 2003 GRA resulting in a major revision to the RSP. During Hydro's 2006 GRA, further discussions took place concerning the need for additional changes to the RSP. As a result of the discussions, the Parties to the proceeding agreed that a comprehensive review of the RSP will be undertaken.

### 3 STUDY TERMS OF REFERENCE AND OBJECTIVES

The purpose and objective of this RSP review as agreed to by the Parties is to undertake a comprehensive study with the intent to re-design the RSP as necessary to meet its defined objectives and ensure it is providing incentives and benefits to Hydro and consumers consistent with the *Electrical Power Control Act, 1994* and generally accepted sound utility practice. The terms of reference for the RSP review include:

- Review the history of the RSP;
- Define the objectives of the RSP which will form the basis for the evaluation;
- Evaluate the relevance and benefits of each of the current and proposed components of the RSP consistent with the objectives;
- Evaluate, and re-redesign where necessary, each component of the RSP judged to be of continued relevance and benefit;
- Draft rules to govern the application and administration of the re-designed RSP;
- Document the study results in a report filed with the Board;
- Provide a Technical Conference to the Board in accordance with the Agreements filed by the Parties during Hydro's 2006 GRA; and
- Apply to the Board for approval of proposed changes to the RSP.

## 4 DESIGN COMPONENTS AND ISSUES TO BE REVIEWED

The Parties have developed a list of RSP components and issues to be addressed in the review. The list is summarized in **Table 1**. Other design components and issues will be evaluated and reported upon as necessary during the course of the study if they are believed to be more consistent with the objectives of the RSP.

**Table 1- RSP Issues**

<i><b>RSP Component</b></i>	<i><b>Issue</b></i>	<i><b>Source</b></i>
Fuel and Hydrology	Enhance Price Signal	Oct 20, 2006 agreement
Fuel and Hydrology	Discrete Write-off Period for Hydraulic Variation	Mar 2007 meeting
Fuel and Hydrology	Fuel Rider with New Test Year	Order No. PU 8 (2007), pp 31-32
Load Variation	Necessity of Load Variation	Oct 20, 2006 agreement
Load Variation	Customer Allocation	RSP Report, Jun 2006
Rural Deficit	Isolated Diesel Fuel and Purchased Power Costs	Oct 20, 2006 agreement
Rural Deficit	Municipal Tax Implications of Rural Rate Alteration	Mar 2007 meeting
Other	CFB Goose Bay Revenue Credit Risk for Loss of Load	Oct 20, 2006 agreement
Other	Simplification of RSP by Separating Fuel and Hydrology from Other Components	Oct 20, 2006 agreement
Other	Publication of Components of RSP Rate	Mar 2007 meeting
Other	No RSP for Newfoundland Power	Mar 2007 meeting

As items related to the Rural Deficit affect Newfoundland Power rates, but not the rates of the Industrial Customers, these items will be discussed primarily among Hydro, Newfoundland Power and the Consumer Advocate.

In addition, the Parties have agreed to the following RSP objectives. These objectives represent the starting point only, and are subject to change as the study progresses.

- To provide for acceptable levels of rate and revenue stability for customers and Hydro;
- To provide for regulatory efficiency by allowing changes in rates to recover changes in prudently incurred fuel costs without requiring a general rate proceeding;
- To provide for timely changes in rates and avoid material changes in the price signal that would promote inappropriate consumption decisions by customers;
- To provide for fair apportionment of costs among the customers impacted by the RSP;
- To mitigate material intergenerational equity concerns;
- To provide for ease of understanding; and
- To provide for ease and efficiency of administration.

No provisions in the RSP should provide an incentive to Hydro or its customers to operate in a manner that is inconsistent with the least cost power policy of the Province and generally accepted sound utility practice.

These RSP design objectives will be used to assess both the proposed changes to the RSP and whether any of the existing RSP provisions should be revised or eliminated.

## **5 RSP REVIEW PARTICIPANTS**

### **5.1 *Participants***

The Parties that are participating in the review of the RSP include:

- Newfoundland Power;
- Industrial Customers;
- Consumer Advocate;
- Hydro; and
- Board Staff.

It is anticipated that Board staff will participate in the review process. However, as stated in the Board's Order, it will use this filing as the basis for determining the extent of its participation and advise the Parties accordingly.

### **5.2 *Role and Involvement of Participants***

This review process will be a joint effort by the parties, with the intended outcome a joint report and recommendations.

Hydro will be responsible for:

- Coordinating meetings and discussions;
- Preparing reports and analysis as required; and
- Preparing submissions to the Board.

Newfoundland Power, Industrial Customers and the Consumer Advocate will be responsible for:

- Participating in discussions to agree on the RSP design;
- Providing design alternatives to achieve the objectives; and
- Participating in preparation of draft and final reports.

### **5.3 Confidentiality**

Discussions among the parties are confidential, and will not be released to the public without the agreement of the parties to the process.

### **5.4 Payment of Costs**

Each party is responsible for paying the cost it incurs.

## 6 OUTLINE OF REVIEW PROCESS AND TIMELINE

The RSP review process and a tentative schedule are provided in *Table 2*.

**Table 2. Review Process and Timeline**

<b>Milestone</b>	<b>Date</b>
Agreement on review process	January 31, 2007
Meetings with Parties to set design objectives and alternatives for RSP re-design	March 31, 2007
Report to Board on RSP study Terms of Reference	May 31, 2007
Preliminary report submitted for review of Parties	June 30, 2007
Completion of discussions among Parties and tentative agreement on design	July 31, 2007
Preliminary report on RSP review submitted to Board	August 31, 2007
Final report on RSP design	September 30, 2007
Technical Conference	October 31, 2007
Application to Board	November 30, 2007
Implementation	January 1, 2008



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8837  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2007 07 20

Newfoundland and Labrador Hydro  
P. O. Box 12400  
St. John's, NL  
A1B 4K7

Attention: Mr. Geoffrey P. Young  
Legal Counsel

Dear Sir:

The Board is now in receipt of the report Review of the Rate Stabilization Plan, dated May 31, 2007, which was filed in accordance with Order No. P.U. 8(2007). This Report has been reviewed and I am writing to provide some feedback and to suggest a meeting or telephone conversation in advance of the parties moving forward with this review. In particular, I raise the following issues/questions:

**1) Table 1 - RSP issues**

The list set out in Table 1 of the Report seems to be a preliminary list of identified issues. The Board suggests the following additional issues or questions which may be considered during the review:

- Should the RSP be abandoned altogether for Hydro?
- Why would the RSP be eliminated for NP and not the IC?
- What implications would there be for the RSP upon the implementation of the proposed changes to GAAP in relation to deferral accounts for regulated industries?

2) **Role and Involvement of Participants**

The role of the Board has not been defined. While the Board may not participate as a full party in the review, the Board will be involved to the extent that it may benefit the application process associated with any changes that are proposed. In this context it is suggested that meetings with Board staff may assist in the development of appropriate and effective changes to the RSP. In particular it may be useful to schedule meetings with Board staff i) shortly after the completion of discussions and tentative agreement; and ii) shortly after the filing of the final report on the RSP design.

3) **Technical Conference**

The Report is not clear as to the intention of the parties in relation to the Technical Conference. It is noted that the conference is scheduled to be held after the final report of the parties is completed and presumably filed. Is it contemplated that the recommendations of the final report may be amended after the Technical Conference? Further what role do the parties see for the Board and/or Board staff in the Technical Conference?

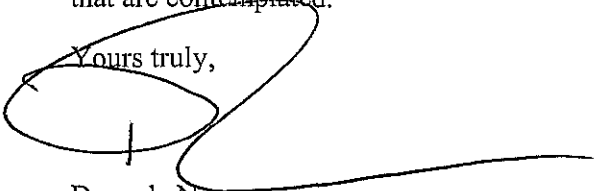
4) **Table 2 - Review Process and Timeline**

The timeline set out in the Report may not allow sufficient time for the matter to progress to a conclusion. In particular:

- It is noted that the Technical Conference is scheduled for a time when there are other complex utility matters involving the participants before the Board. It is suggested that the timing of the conference be moved to be more practical for participants in the context of ongoing matters.
- It is noted that the application to the Board for changes is intended to be made one month before the intended implementation. This one-month period currently includes Christmas. If it is intended that changes will be made effective January 1, 2008 then I would suggest that the application should be made to the Board before the end of August 2007 to ensure that all participants have a full opportunity to present the proposals and address the issues arising. This would necessitate changes to the proposed timeline.

Once you have had an opportunity to consider these comments please advise as to whether you are available for a meeting or telephone conversation. Thereafter it is expected that Hydro will file an update as to the status of the review and any changes to the process that are contemplated.

Yours truly,



Dwanda Newman  
Legal Counsel

c.c. Gerard Hayes, Lorne Henderson, Kevin Fagan  
Newfoundland Power Inc. – E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com);  
[lhenderson@newfoundlandpower.com](mailto:lhenderson@newfoundlandpower.com); [kfagan@newfoundlandpower.com](mailto:kfagan@newfoundlandpower.com)  
Thomas Johnson, Consumer Advocate – E-mail: [tjohnson@odeacarle.nf.ca](mailto:tjohnson@odeacarle.nf.ca)  
Dave MacDonald, Corner Brook Pulp & Paper – E-mail: [dmacdonald@CB.Kruger.com](mailto:dmacdonald@CB.Kruger.com)  
Joseph Hutchings, Q.C., Poole, Althouse – E-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)  
Paul Coxworthy, Stewart McKelvey Stirling Scales – E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

X:\Hydro\COMPLIANCE ITEMS - PU 8(2007)\RSP Review [PU 8(2007)].doc

2013 RSP Application



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8837  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2007 11 28

Newfoundland and Labrador Hydro  
P. O. Box 12400  
St. John's, NL  
A1B 4K7

Attention: Mr. Geoffrey P. Young  
Legal Counsel

Dear Sir:

**Re: Rate Stabilization Plan Review**

Further to the May 31, 2007 report in relation to the above I am writing to request an update on the status of the Rate Stabilization Plan Review.

You will recall that in Order No. P.U. 8(2007) the Board agreed that a review of the RSP may be appropriate. In particular the Board said:

"The Board notes the importance of the RSP as it is the mechanism through which variations in fuel prices are managed. These variations have been the biggest driver for rate changes in recent years. Since the approval of the Board would be necessary for any changes to this mechanism, the involvement of the Board early in this process would facilitate an efficient and timely determination of the issues."

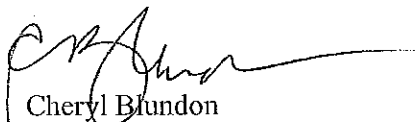
The Board ordered Hydro to file with the Board no later than May 31, 2007 terms of the review setting out details as to how the review would proceed which would assist the Board in determining how it would participate in the review. After reviewing the report which was filed on May 31, 2007 legal counsel for the Board wrote Hydro on July 20, 2007 to suggest a

meeting or telephone conversation to address some issues arising from the report. A copy of this correspondence is attached for your reference.

Given the lapse of time since the last contact in relation to this matter the Board now requires an update of the May 31, 2007 report. This update should address the issues identified in the July 20, 2007 correspondence. To the extent that further clarification of these issues may be of assistance please contact legal counsel immediately to arrange a meeting. Otherwise, please provide the required update to this report by December 12, 2007.

Should you have any questions or require clarification please do not hesitate to contact the undersigned.

Yours truly,



Cheryl Blundon  
Director of Corporate Services  
and Board Secretary

c.c. Gerard Hayes, Lorne Henderson, Kevin Fagan  
Newfoundland Power Inc. – E-mail [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com);  
[lhenderson@newfoundlandpower.com](mailto:lhenderson@newfoundlandpower.com); [kfagan@newfoundlandpower.com](mailto:kfagan@newfoundlandpower.com)  
Thomas Johnson, Consumer Advocate - E-mail: [tjohnson@odcaearle.nf.ca](mailto:tjohnson@odcaearle.nf.ca)  
Dave MacDonald, Corner Brook Pulp & Paper – E-mail: [dmacdonald@CB.Kruger.com](mailto:dmacdonald@CB.Kruger.com)  
Joseph Hutchings, Q.C., Poole, Althouse – E-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)  
Paul Coxworthy, Stewart McKelvey Stirling Scales – E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

X:\Hydro\COMPLIANCE ITEMS - PU 8(2007)\RSP Review - request for updated report.doc

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: [www.nlh.nf.ca](http://www.nlh.nf.ca)

December 12, 2007

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. G. Cheryl Blundon,  
Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Rate Stabilization Plan (RSP) Review**

Further to your letter of November 28, 2007 requesting an update on the status of the Rate Stabilization Plan Review, Hydro advises that due to the unavailability of the parties, only recently has the review process resumed. The RSP report will not likely be finalized until after the completion of the Industrial Customers and Newfoundland Power reports, which are expected to be filed by the end of January and February, respectively. Therefore, it is anticipated that a final report on the Rate Stabilization Plan will be available in March 2008.

Yours truly,

**NEWFOUNDLAND AND  
LABRADOR HYDRO**

Geoffrey P. Young  
Legal Counsel

Encl.

ecc: Mr. Gerard Hayes, Newfoundland Power  
Mr. Joseph Hutchings, Q.C. &  
Mr. Paul Coxworthy, Industrial Customers  
Mr. Thomas Johnson, Consumer Advocate



Jill Chisamore/NLHydro  
02/28/2008 02:58 PM

To  
cc  
bcc  
Subject Fw: Update

Geoff Young/NLHydro  
02/28/2008 01:42 PM

To dnewman@pub.nl.ca, "Gerard Hayes (E-mail)"  
<ghayes@newfoundlandpower.com>, "Joe Hutchings  
(E-mail)" <jhutchings@pa-law.ca>, "Paul Coxworthy  
(E-mail)" <pcoxworthy@smss.com>, "Thomas Johnson  
(E-mail)" <tjohnson@odeaearle.nf.ca>, ddray@pub.nl.ca,  
Angela Dunphy/NLHydro  
cc  
Subject Update

Hello everyone,

The following is the promised update:

- Industrial Rate Design Report - the report was filed February 5, 2008.
- NP Demand Rate Report - there have been delays caused by a lack of consensus, which has arisen on a couple of occasions, as to the scope of the report.
- RSP Review Report - As indicated in a letter to the Board dated December 12, 2007, this report will follow the completion of the above two reports.
- Interim Rates (Hydro Rural) - Hydro has responded to all the questions the Board's financial consultants had and is now awaiting a final order.
- Interim Rates (Industrial) - Hydro is not yet in a position to file for final rates.
- Peer Group Benchmarking - Hydro filed its proposed peer group on October 31, 2007 and was to consult with the Consumer Advocate as to its acceptability. The Consumer Advocate has encountered some difficulties in contacting his consultant (Doug Bowman) to get advice and feedback on the report due to Doug's absence from his office (he's been in Mongolia) for much of the time. Hydro would normally file its KPI report as part of its Annual Report to the Board. It is hoped that this can be resolved by then.
- Depreciation Methodology - Hydro's consultant has been engaged and will start work soon on an update to the depreciation methodology study.
- GRA - preparatory work is continuing but Hydro has still not confirmed that it will be filing a GRA in 2008.
- Financial Statements - Hydro did not include its financial statement in its recent Quarterly Report to the Board due to a need to make revisions consistent with recent changes in international accounting standards. It is expected that these financial statements will be filed very soon.

Dwanda, as this is most likely the last official e-mail I will send to you in your present capacity, I would like to thank-you for your assistance, patience and guidance over the past few years. It has been a pleasure working with you.

2013 RSP Application



NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)**

2008 09 16

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**Re: Rate Stabilization Plan (RSP) Review**

In relation to the above-mentioned issue, the most recent correspondence on this file is your letter of December 2007 stating that the final report would be filed in March 2008. The Terms of Reference, which were filed with the Board on May 31, 2007, indicated that it was originally expected that the final report would be filed by September 30, 2007. We are almost one year past that proposed filing date as well as nine months past the proposed implementation date. Please provide an update on this matter as well as an expected receipt date for the final report.

Yours truly,

A handwritten signature in cursive script that reads "Jacqueline Glynn".

Jacqueline Glynn  
Legal Counsel

cc: Mr. Gerard Hayes  
Mr. Thomas Johnson  
Mr. Joseph Hutchings, Q.C.  
Mr. Paul Coxworthy

R:\Hydro\Rate Stabilization Plan (RSP) Review\Request for Update on Report-September 2008.doc



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: [www.nlh.nl.ca](http://www.nlh.nl.ca)

September 26, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL  
A1A 5B2

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro's Rate Stabilization Plan Review**

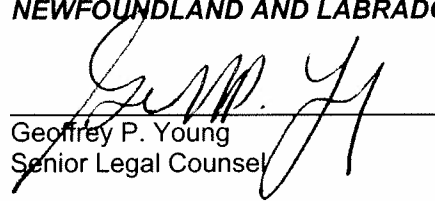
Further to your letter of September 16, 2008, please accept this apology for the delay in filing the Rate Stabilization Plan (RSP) Review report. In an effort to streamline the review processes, the parties (Newfoundland and Labrador Hydro's (Hydro); Newfoundland Power; the Consumer Advocate; and the Industrial Customers) agreed to complete one report before moving to the next. The Industrial Customer Rate Design Review report was filed with the Board on February 5, 2008, and the Newfoundland Power Demand Billing Review report was filed on April 18, 2008.

A series of party availability issues have caused subsequent delays. The Industrial Customer representative, Mr. David MacDonald, resigned in March and the new representative, Mr. Larry Marks was identified in May. Hydro personnel availability has been disrupted due to unanticipated illness, and over the summer months, all of the parties' vacation schedules resulted in further delays.

A revised draft report is currently being prepared and will be issued next week for discussion among the parties. Conference calls and/or meetings will follow. Depending upon party availability, Hydro anticipates filing the final report by late November.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales  
Joseph S. Hutchings, Q.C., Poole Althouse  
Thomas Johnson – Consumer Advocate



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

December 17, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL  
A1A 5B2

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro's (Hydro) Rate Stabilization Plan (RSP) Review**

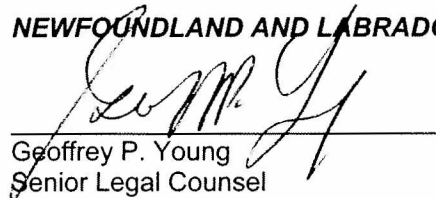
This is further to Hydro's letter of September 26, 2008 concerning the filing of the RSP review report. The parties to the report have been working on its completion, including providing information on the possible implications of the International Financial Reporting Standards (IFRS).

Ongoing IFRS discussions and information sessions within both Newfoundland Power and Hydro, and the similar IFRS issues for both utilities around the RSP and Newfoundland Power's Rate Stabilization Adjustments, suggest it would be prudent for the staff responsible for IFRS implementation at both utilities to jointly discuss the IFRS implication of the RSP. Recent IFRS developments include discussions as to whether IFRS may be deferred and reconsideration by the International Financial Reporting Interpretation Committee of adding to its January 2009 agenda the consideration of regulation on assets and liabilities.

An update as to the status of the RSP review report will be provided by the end of January.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales  
Joseph S. Hutchings, Q.C., Poole Althouse  
Thomas Johnson – Consumer Advocate



Hydro Place, 500 Columbus Drive,  
P.O. Box 12400, St. John's, NL  
Canada A1B 4K7  
t. 709.737.1400 f. 709.737.1800  
www.nlh.nl.ca

January 30, 2009

**BY HAND**

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. G. Cheryl Blundon,**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Rate Stabilization Plan (RSP) Report**

Further to our letter of December 17, 2008, Newfoundland and Labrador Hydro (Hydro) wishes to update the Board of Commissioners of Public Utilities (the Board) on the status of the RSP report.

As the Board is aware, new International Financial Reporting Standards (IFRS) will be implemented in Canada by January 1, 2011. In a letter to the Board dated January 23, 2009, Hydro outlined the effect IFRS has on determining its future depreciation policy options. Hydro also outlined the 2009 mandate of the IFRS Project Team and its plan to deal with this issue. Another important issue which has been identified by the IFRS Project Team is the accounting treatment of the Rate Stabilization Plan under IFRS. The RSP is a "regulatory asset (or liability)" since it exists by virtue of regulatory approval. There is uncertainty as to how regulatory assets and liabilities will be accounted for under IFRS. Hydro's IFRS Project Team will review the RSP in the broader context of the requirements and considerations that are part of the conversion to IFRS, including any changes to IFRS affecting the treatment of regulatory assets and liabilities that may be issued.

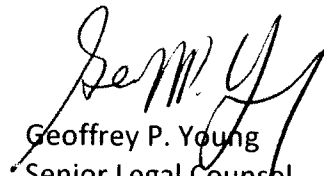
Hydro proposes that an IFRS project status update continue to be included as part of the quarterly reporting to the Board.

Ms. G. Cheryl Blundon  
Public Utilities Board  
January 30, 2009

2

Yours very truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Geoffrey P. Young  
Senior Legal Counsel

cc. Gerard Hayes - Newfoundland Power  
Paul Coxworthy - Stewart McKelvey Stirling Scales  
Joseph S. Hutchings - Q.C., Poole Althouse  
Thomas Johnson - Consumer Advocate

2013 RSP Application



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2009 02 27

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**Re: Rate Stabilization Plan (RSP) Review**

Further to your correspondence relating to the RSP Review, dated January 30, 2009, I am writing to advise that this matter has now been removed from the Board's regulatory calendar due to inactivity.

The idea of conducting a review of the RSP was raised by the parties during Hydro's 2006 GRA. During pre-hearing conference discussions the parties agreed that a review of the RSP was necessary and would be undertaken. In a settlement agreement the parties agreed "*As soon as practicable following the conduct of the review of the IC rate design and re-design of the RSP, and in no event later than October 31, 2007, Hydro shall host a Technical Conference, to be attended by the Parties and others as determined by the Parties, to further discuss the IC rate design and the re-design of the RSP.*" In Order No. P. U. 8(2007), dated April 12, 2007, the Board accepted the agreement of the parties to conduct this review and required that the parties file by May 31, 2007 a terms of reference setting out the objectives, a list of participants, a timeline and an outline of the process.

The terms of reference was filed with the Board in accordance with the Order of the Board setting out a schedule for the review which was to be completed by November 30, 2007 with the results intended to be implemented by January 1, 2008. It is now over a year after the intended implementation date and almost two years after the Order of the Board. Throughout this period the Board did not receive any requests to expedite this matter. Hydro has recently advised that the review cannot proceed until after an evaluation of the accounting treatment of the RSP subject to the IFRS amendments.

Given the lack of activity and the development of events since the 2006 GRA the Board has determined that this review can no longer be done in the context of the GRA from which it was conceived. Should the parties wish to hold discussions in relation to the RSP they are free to do so and thereafter Hydro can apply to the Board for appropriate changes seeking clarity as to how costs are to be addressed at that time.

Should you require clarification do not hesitate to contact the undersigned.

Yours truly,

*Original signed by*

Jacqueline Glynn  
Legal Counsel

cc: Mr. Gerard Hayes – E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson – E-mail: [tjohnson@odeaearle.nf.ca](mailto:tjohnson@odeaearle.nf.ca)  
Mr. Joseph Hutchings, Q.C. – E-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)  
Mr. Paul Coxworthy – E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

1 Q. Provide a comparison of monthly RSP balances in the Industrial and Retail Plan  
2 related to the load variation component for the period January 1, 2008 to June 30  
3 2009 using both the existing approach to computing the load variation component  
4 and Hydro's proposed approach for the load variation component provided in the  
5 2006 RSP review report provided with the Application.

6  
7  
8 A. The table below provides a comparison of the RSP balances in the Industrial and  
9 Retail Plan related to the load variation component at December 31, 2008 and at  
10 June 30, 2009 using both the existing approach to computing the load variation  
11 component and Hydro's proposed approach for the load variation component  
12 provided in the 2006 RSP review report. Please refer to IC-NLH-4 for the 2008 and  
13 2009 to date RSP reports containing the monthly load variation computations using  
14 the existing approach, and CA-NLH-19 for the 2008 and 2009 RSP reports containing  
15 the monthly load variation computations using the proposed approach.

16

	Load Variation Retail		Load Variation Industrial	
	Existing	Proposed	Existing	Proposed
December 31, 2008	\$(26,253)	\$(9,087,391)	\$(10,315,182)	\$(1,177,488)
June 30, 2009	\$(214,515)	\$(11,173,926)	\$(12,229,025)	\$(1,176,203)

**RSP Components to be charged to Industrial Customers**

1 Q. Provide a comparison of the forecast monthly RSP balances in the Industrial and  
2 Retail Plan related to the load variation component for the period July 1, 2009 to  
3 December 31<sup>st</sup> 2010 using both the existing approach to computing the load  
4 variation component and Hydro's proposed approach for the load variation  
5 component provided in the 2006 RSP review report provided with the Application.  
6  
7

8 A. The table below provides a comparison of the forecast RSP annual activity in the  
9 Industrial and Retail Plan related to the load variation component at December 31,  
10 2009 and at December 31, 2010 using both the existing approach to computing the  
11 load variation component and Hydro's proposed approach for the load variation  
12 component provided in the 2006 RSP review report. Please refer to CA-NLH-15  
13 Attachments 1 and 2 (pages 3 and 4) for the 2009 and 2010 forecast RSP  
14 calculations for the monthly load variation using the proposed approach. 2009 and  
15 2010 forecast RSP reports containing the monthly load variation computations  
16 using the existing approach are attached.  
17

	Load Variation Retail		Load Variation Industrial	
	Existing	Proposed	Existing	Proposed
December 31, 2009	\$(171,316)	\$(11,703,507)	\$(24,710,857)	\$(13,084,897)
December 31, 2010	\$(122,918)	\$(15,148,214)	\$(16,763,725)	\$(1,536,960)

**IC-NLH-22, Attachment 1, Page 183 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-09**

**Attachment 1**  
**NP-NLH-4**  
**Page 1 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				<b>(A + B + C)</b>			
	<b>(from page 8)</b>	<b>(from page 7)</b>					<b>(to page 12)</b>
Opening Balance							(10,329,892)
January	(126,762)	(991,801)	(260,611)	(1,379,174)	(62,677)	(4,783,922)	(16,555,665)
February	(25,647)	(1,732,384)	(319,568)	(2,077,599)	(100,451)	(4,063,628)	(22,797,343)
March	(519)	(1,669,221)	(207,444)	(1,877,184)	(138,323)	(4,151,502)	(28,964,352)
April	(51)	(1,352,269)	(192,147)	(1,544,467)	(175,741)	(3,171,882)	(33,856,443)
May	(19,600)	(518,005)	(160,450)	(698,055)	(205,424)	(2,631,329)	(37,391,250)
June	(41,935)	(197,632)	(142,567)	(382,134)	(226,871)	(2,288,432)	(40,288,687)
July	(11,840)	(28,567)	(152,361)	(192,768)	(244,452)	(132,440)	(40,858,347)
August	(20,253)	(26,493)	(152,361)	(199,107)	(247,908)	(132,000)	(41,437,362)
September	(16,358)	(26,374)	(152,361)	(195,093)	(251,421)	(135,608)	(42,019,484)
October	(21,847)	(650,176)	(152,361)	(824,384)	(254,953)	(165,132)	(43,263,953)
November	(14,034)	544,037	(152,361)	377,642	(262,504)	(197,560)	(43,346,375)
December	127,531	1,403,689	(152,361)	1,378,859	(263,004)	(249,348)	(42,479,868)
Year to date	(171,316)	(5,245,196)	(2,196,953)	(7,613,465)	(2,433,729)	(22,102,783)	(32,149,976)
Hydraulic allocation							(4,231,806)
Total	(171,316)	(5,245,196)	(2,196,953)	(7,613,465)	(2,433,729)	(22,102,783)	(46,711,674)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.9012.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 184 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-09**

**Attachment 1**  
**NP-NLH-4**  
**Page 2 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(11,994,442)
January	(1,361,201)	(127,286)	(1,488,487)	(72,776)	466,209	(13,089,496)
February	(1,401,471)	(217,286)	(1,618,757)	(79,421)	398,964	(14,388,710)
March	(1,809,433)	(200,529)	(2,009,962)	(87,303)	388,867	(16,097,108)
April	(2,936,566)	(125,496)	(3,062,062)	(97,669)	208,165	(19,048,674)
May	(2,543,731)	(19,529)	(2,563,260)	(115,578)	222,774	(21,504,738)
June	(2,176,693)	9,987	(2,166,706)	(130,480)	296,273	(23,505,650)
July	(2,158,372)	28,546	(2,129,826)	(142,621)	267,685	(25,510,412)
August	(2,183,238)	26,439	(2,156,799)	(154,784)	266,900	(27,555,095)
September	(2,004,202)	26,413	(1,977,789)	(167,191)	256,695	(29,443,380)
October	(1,968,805)	(23,440)	(1,992,245)	(178,648)	273,965	(31,340,308)
November	(1,983,758)	93,100	(1,890,658)	(190,157)	269,255	(33,151,868)
December	(2,183,387)	138,372	(2,045,015)	(201,149)	269,255	(35,128,777)
Year to date	(24,710,857)	(390,709)	(25,101,566)	(1,617,777)	3,585,007	(23,134,336)
Hydraulic allocation						(315,222)
Balance of historic plan						0
Total	(24,710,857)	(390,709)	(25,101,566)	(1,617,777)	3,585,007	(35,443,999)

**IC-NLH-22, Attachment 1, Page 185 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**Dec-10**

**Attachment 2**  
**NP-NLH-4**  
**Page 1 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				<b>(A + B + C)</b>			
	<b>(from page 8)</b>	<b>(from page 7)</b>					<b>(to page 12)</b>
Opening Balance							(46,711,674)
January	(88,833)	5,619,938	(152,361)	5,378,744	(283,423)	(271,832)	(41,888,185)
February	(43,431)	5,201,290	(152,361)	5,005,498	(254,157)	(244,420)	(37,381,264)
March	(734)	5,659,130	(152,361)	5,506,035	(226,811)	(248,556)	(32,350,596)
April	(392)	3,576,726	(152,361)	3,423,973	(196,287)	(198,308)	(29,321,218)
May	(451)	1,795,808	(152,361)	1,642,996	(177,906)	(168,696)	(28,024,824)
June	(34,119)	1,240,425	(152,361)	1,053,945	(170,041)	(140,932)	(27,281,852)
July	(14,489)	(50,495)	(152,361)	(217,345)	(165,533)	(941,397)	(28,606,127)
August	(21,967)	(50,749)	(152,361)	(225,077)	(173,568)	(936,421)	(29,941,193)
September	(19,630)	(44,600)	(152,361)	(216,591)	(181,668)	(965,033)	(31,304,485)
October	(26,477)	1,902,146	(152,361)	1,723,308	(189,940)	(1,177,135)	(30,948,252)
November	(23,873)	3,812,413	(152,361)	3,636,179	(187,779)	(1,417,538)	(28,917,390)
December	151,478	4,565,446	(152,361)	4,564,563	(175,456)	(1,775,810)	(26,304,093)
Year to date	(122,918)	33,227,478	(1,828,332)	31,276,228	(2,382,569)	(8,486,078)	20,407,581
Hydraulic allocation							1,704,499
Total	(122,918)	33,227,478	(1,828,332)	31,276,228	(2,382,569)	(8,486,078)	(24,599,594)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.9012.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

**IC-NLH-22, Attachment 1, Page 186 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-10**

**Attachment 2**  
**NP-NLH-4**  
**Page 2 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(35,443,999)
January	(1,461,957)	418,085	(1,043,872)	(215,056)	4,147,038	(32,555,889)
February	(1,358,063)	386,239	(971,824)	(197,533)	3,737,454	(29,987,792)
March	(1,430,482)	440,087	(990,395)	(181,951)	4,155,571	(27,004,567)
April	(1,492,008)	364,769	(1,127,239)	(163,850)	3,967,845	(24,327,811)
May	(1,102,343)	244,321	(858,022)	(147,609)	4,095,840	(21,237,602)
June	(1,362,659)	166,567	(1,196,092)	(128,859)	3,959,312	(18,603,241)
July	(1,486,989)	50,706	(1,436,283)	(112,875)	4,061,708	(16,090,691)
August	(1,506,882)	51,448	(1,455,434)	(97,630)	4,061,708	(13,582,047)
September	(1,402,444)	44,777	(1,357,667)	(82,409)	3,822,784	(11,199,339)
October	(1,295,923)	237,987	(1,057,936)	(67,952)	4,129,972	(8,195,255)
November	(1,385,640)	427,000	(958,640)	(49,725)	3,950,779	(5,252,841)
December	(1,478,335)	522,017	(956,318)	(31,872)	3,984,911	(2,256,120)
Year to date	(16,763,725)	3,354,003	(13,409,722)	(1,477,321)	48,074,922	33,187,879
Hydraulic allocation						172,053
Balance of historic plan						0
Total	(16,763,725)	3,354,003	(13,409,722)	(1,477,321)	48,074,922	(2,084,067)

- 1 Q. Please provide the scope and the timelines for the Industrial Customers Rate  
2 Review provided for in the Settlement Agreement in Order No. P.U. 8 (2007).  
3  
4
- 5 A. The scope of the Industrial Customers Rate Review is described in Section 4 (page7)  
6 of the report entitled “Review of Industrial Customer Rate Design” attached to NP-  
7 NLH-6. The timelines are:  
8

Milestone	Date
Agreement on review process	21-Feb-07
Meetings to set scope and alternatives for IC re-design	20-21-Mar-2007
Scope expansion to include DSM in the context of IC Power on Order	28-Mar-07
Completion of discussions among Parties and tentative agreement	30-Jun-07
Completion of discussions among Parties and tentative agreement on design	31-Jul-07
Discussions among Parties	6-Dec-07
Redraft of Report	27-Dec-07
Finalize Report	31-Jan-08
Report Filed	5-Feb-08

**RSP Components to be charged to Industrial Customers**

---

- 1 Q. Please provide a copy of the Industrial Rate Design Review report filed with the  
2 Board and all related written correspondence between the parties to the  
3 Settlement Agreement since the report was filed.  
4  
5  
6 A. Please see attached.



File No. .

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

February 5, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland  
A1A 5B2

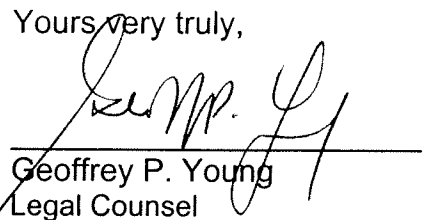
**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Industrial Customers Rate Design Review**

Please find enclosed ten (10) copies of a report entitled "Review of Industrial Customer Rate Design". This report on rate design alternatives for Industrial Customers is being filed as a result of the October 20, 2006 Agreement on Cost of Service, Rate Design and Rate Stabilization Plan.

Yours very truly,

  
\_\_\_\_\_  
Geoffrey P. Young  
Legal Counsel

GPY/jc  
Encls.

cc. G. Hayes, L. Henderson, K. Fagan, Newfoundland Power  
Joseph Hutchings, Q.C. &  
Paul Coxworthy, Industrial Customers  
Dave MacDonald, Corner Brook Pulp & Paper  
Thomas Johnson, Consumer Advocate  
Mr. Gordon Oldford - Abitibi-Consolidated Inc., Grand Falls  
Mr. Jim Gartshore - Abitibi-Consolidated Inc., Montreal  
Mr. Patrick Corriveau - Corner Brook Pulp & Paper Co. Ltd.  
Mr. Kevin Goulding - Deer Lake Power  
Mr. Glenn Mifflin - North Atlantic Refining Ltd.  
Mr. Bob Kelly - Aur Resources Inc./Duck Pond Mine

**A REPORT TO  
THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

# **REVIEW OF INDUSTRIAL CUSTOMER RATE DESIGN**



**NEWFOUNDLAND AND LABRADOR HYDRO  
FEBRUARY 5, 2008**

## TABLE OF CONTENTS

<b>1</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>2</b>	<b>INTRODUCTION.....</b>	<b>4</b>
<b>3</b>	<b>BACKGROUND .....</b>	<b>5</b>
	3.1 Industrial Customer Rate Structure .....	5
	3.2 Marginal Costs .....	5
	3.2.1 Current Review.....	6
<b>4</b>	<b>IC RATE DESIGN REVIEW .....</b>	<b>7</b>
	4.1 Impacts on Load and Customer Decisions .....	7
	4.2 Energy Blocks .....	8
	4.2.1 Energy Block Pricing .....	9
	4.2.2 Means to Set Block.....	9
	4.2.3 Basis and Timing of Block Changes .....	10
	4.2.4 New Customer Block Sizing .....	11
	4.2.5 Block Sizing where a Customer Load Materially Decreases.....	12
	4.2.5.1 Rate Design Alternative.....	14
	4.2.6 Means to Apply the Annual First Block to Monthly Billing .....	14
	4.2.6.1 Customer Perspective .....	15
	4.2.6.2 Hydro Perspective .....	15
	4.3 Demand Charges .....	16
	4.4 Customer Generation.....	16
	4.5 DSM and Conservation .....	17
	4.6 Load Variation Provision of the Rate Stabilization Plan.....	17

## Appendices

- Appendix A Framework for Industrial Customers' Rate Design Review
- Appendix B Proof of 2007 Test Year Revenue Requirement

## **1 Executive Summary**

A review of Newfoundland and Labrador Hydro's (Hydro) rate structure for the sale of power and energy to Industrial Customers (IC) has been completed, in accordance with the agreement reached during Hydro's 2006 General Rate Application (GRA). The IC and Hydro have reached agreement as follows:

- A two-block rate structure for IC with a marginal cost based second block can improve price signals and economic efficiency.
- The tail block or second block should be priced at Hydro's Test Year marginal cost of supply.
- An IC will be able to apply to Hydro to have their first block energy adjusted to take account of significant changes to their business or output. The difference between the marginal cost of fuel and the energy revenue received should be recoverable by Hydro through an automatic rate adjustment.
- Industrial Customers entering the Island Interconnected System between rate hearings will be charged a Test Year average energy charge, in addition to regular IC demand charges, for all kilowatt-hours (kWh). The difference between the cost of fuel and the energy revenue received should be recoverable by Hydro through an automatic rate adjustment.
- Hydro will continue to bill IC embedded cost-based demand charges for their full Power on Order.
- Industrial Customer generation does not affect the two-block rate structure, and vice versa.

Outstanding issues to be resolved at a Technical Conference or through some other regulatory proceeding are:

- Two methods<sup>1</sup> of calculating first blocks as presented herein:
  - One method of computing a first block for each customer, without shifting costs between customers, is to calculate the block sizes based on the Test Year percentage of system energy supplied from generation sources other than Holyrood, applied to each customer's Test Year energy forecast. In principle then, each customer's first block energy represents a proportionate share of Hydro's hydraulic resources and the second block represents energy to be supplied by Holyrood.
  - To mitigate possible manipulation of block sizing, a second block sizing method is to set the blocks monthly as a percentage of total energy consumed. For instance, the first block would be 75% of monthly energy consumption. While this approach offers ease of administration and understandability, it mutes the price signal provided to the IC in that every kWh would be partially priced at first block rates.
- Monthly block sizing for the IC raises issues when unusual operating circumstances, such as strikes or temporary plant shutdowns, result in the customer not using all of the first block energy in a given month. The IC perspective is that the unused first block kWh should be available in future periods. Hydro's position is that the first block energy is a monthly allotment, and should not be carried from period to period.
- The format, timing and details of automatic fuel-related rate adjustments, considered where a new customer enters the Island Interconnected System between Test Years, or where an existing IC is given an increased first block.

Issues which the IC and Hydro have discussed in detail, but deferred final decision to other ongoing studies and reports, are:

- DSM and conservation initiatives should be viewed outside the rate structure, and will be considered as part of Conservation and Demand Management initiatives.

---

<sup>1</sup> See Appendix B for illustration of how both methods would maintain 2007 Test Year Revenue Requirement by customer

- Depending upon the method used to calculate block sizes, the load variation provision of the Rate Stabilization Plan may no longer be required. This will be considered as part of the ongoing Rate Stabilization Plan review.

## **2 Introduction**

This report on rate design alternatives for IC was prepared as a result of the October 20, 2006 Agreement on Cost of Service, Rate Design and Rate Stabilization Plan, filed as part of Hydro's 2006 GRA.

Paragraph nine of the October 20, 2006 agreement states that the "Framework for Industrial Customers' Rate Design Review", attachment B to the October 20, 2006 agreement, (the Framework) will apply to the review process on the rate design for the Industrial Customers. The framework document is attached hereto as Appendix A.

The Framework outlines the agreement to implement marginal price signals on the discretionary or marginal components of the IC load. This review of the IC rate structure also considers the generally accepted rate design principles agreed to by all Parties in the 2006 Hydro GRA<sup>2</sup>.

This report contains a summary of the rate design principles and methods considered for altering the IC rate structure, and recommends changes where appropriate.

---

<sup>2</sup> The generally accepted principles were provided in Schedule A to the October 20, 2006 Cost of Service Agreement.

## **3 Background**

### **3.1 Industrial Customer Rate Structure**

The existing rate structure for Hydro's Industrial Customers includes:

- Monthly demand charges based on Test Year embedded costs, applied to the customers' annual declaration of Power on Order;
- An average-embedded-cost energy rate, based on Test Year costs, applied to all firm energy; and
- Specifically assigned charges based on Test Year embedded costs.

### **3.2 Marginal Costs**

In June 2006, Hydro filed a report entitled "Newfoundland and Labrador Hydro Marginal Costs of Generation and Transmission" (Marginal Cost Study). Hydro filed a follow-up report in July 2006 entitled "Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design" (Marginal Cost Implications Report)<sup>3</sup>. These reports provided the basis for reviewing the efficiency of customer rates on the Island Interconnected System.

The Marginal Cost Studies concluded that:

"Looking just at the marginal cost relationships ... Firm industrial rates should have much higher energy charges and much lower demand charges." NERA also stated<sup>4</sup> "We recognize that rate setting requires balancing many objectives, one of which is economic efficiency, but we have not studied all of the objectives and issues related to Hydro's rates."

The Parties to this review agreed that a two-block rate structure for Industrial Customers with a marginal cost based second block can improve price signals and economic efficiency while maintaining a consideration of the other rate design principles agreed to in the October 20, 2006 agreement.

---

<sup>3</sup> Both reports were prepared by NERA Economic Consulting (NERA). Copies of the reports were included as Attachments 2 and 3 to the Request for Information PUB 1 NLH, filed at Hydro's 2006 GRA.

<sup>4</sup> Reference: Request for Information NP-89 NLH, filed during Hydro's 2006 GRA.

### **3.2.1 Current Review**

The negotiated settlements resulted in agreement to incorporate a marginal price signal into the IC rate structure.

The Parties that have participated in the IC Rate Design Review are Industrial Customers and Hydro. The broad goal of the rate design review was to develop a rate proposal that could be applied to all Industrial Customers. To that end, the Parties have approached the review in a manner that attempts to satisfy the concerns of Hydro and the IC. Newfoundland Power and the Consumer Advocate were provided with draft reports, and their comments are considered in this final report.

Meetings to discuss the rate design alternatives were held during 2007. This report provides the results of the IC Rate Design review.

## **4 IC Rate Design Review**

The proposals for discussion as specified in the Framework are reviewed in this report.

Characteristics considered during this review include:

- Energy Blocks;
- Demand Charges;
- Customer Generation;
- Other Contract Provisions; and
- Demand Side Management (DSM) and Conservation Implementation.

The load variation provision of the Rate Stabilization Plan (RSP), as it relates to Industrial Customers was also considered during this review.

### ***4.1 Impacts on Load and Customer Decisions***

Marginal price signals should neither detract from economic growth in the province nor encourage reduction in IC operations. The proposed rate design's anticipated impacts on the economics of customer choice are:

- Providing a mechanism for real load growth by permitting each customer access to additional lower-priced, first block energy;
- Providing an automatic mechanism for new customers to have first and second blocks of energy;
- Providing a marginal price signal to encourage customers to conserve and obtain the immediate benefits of the fuel savings; and
- If actual consumption mirrors forecast consumption, retaining each IC's anticipated 2007 Test Year total billing with the revised rate design.

Further, the two-block rate design has been developed with the goal of preserving the following possible range of outcomes as a result of changes to Industrial load characteristics:

- **Industrial Customer load decreases slightly affecting only the second block energy consumption.** In this scenario, the customer saves at the marginal cost rate. The change is largely revenue neutral to Hydro as there are fuel expense savings to offset the lost revenues.
- **Industrial Customer loads decrease substantially affecting both first and second block energy consumption.** In this scenario, the customer would save a certain amount at the marginal cost rate and the remainder at the lower rate. Hydro would likely experience savings to fuel expense that more than offset the lost revenue. However, customers are protected from an excessive “windfall” potential to Hydro by the over-earning provision.
- **Industrial Customer load grows slightly with no material change in customer’s output.** In this scenario, all incremental consumption is priced at the marginal cost rate. Hydro is held largely revenue neutral as the incremental revenue is set to offset the incremental fuel expense.
- **Industrial Customer load grows due to a material change in process or output.** In this case, it may be reasonable for Hydro to increase the first block size and access to the lower priced energy. This could have negative impacts on Hydro’s revenues, as the incremental revenues would not be sufficient to offset the incremental fuel expense. Potential methods for addressing this situation are discussed further in this report.

## **4.2 Energy Blocks**

The energy blocks for IC were to be considered during this review, specifically:

- Pricing that would apply to each energy block;
- The means to set an initial annual division between the first block for each customer versus the run-out or second block;

- The basis and timing under which the size of the first block might be adjusted for each customer (both short-term and long-term);
- Approaches used to set the first block energy allocation to new Industrial Customers coming on the system; and
- Means to apply the annual first block energy concept to monthly billing.

#### **4.2.1 Energy Block Pricing**

As an initial step, there was agreement between the Parties on the following general characteristics of the rate design:

- The tail block or second block should be priced at Hydro's Test Year marginal cost of supply. Under the present system characteristics, it was agreed that the second block should be priced consistent with the cost of fuel at Holyrood. It was also agreed that the basis for the price of the second block could change in the future if system conditions change (for example, in the case of a Labrador Interconnection) and that the second block price should be reviewed at each General Rate Application.
- If customer loads remain at Test Year levels, the overall effect of the rate design should be revenue neutral compared to a single block embedded cost-based rate.
- Ideally, the rate design should ensure Industrial Customers have some portion of their load exposed to the marginal cost price signal in each month.

#### **4.2.2 Means to Set Block**

As there are IC of varying sizes, with varying load factors, block sizes are required for each customer. Several methods were explored, some of which result in shifting costs between customers. One method of computing a first block for each customer, without shifting costs between customers is to calculate the block sizes based on the Test Year percentage of system energy supplied from generation sources other than Holyrood, applied to each customer's Test Year energy forecast. In principle then, each customer's first block energy represents a



changes in the industrial process compared to simple load creep. As such, the Parties discussed other administrative mechanisms.

In order to minimize administrative complexities, the Parties discussed an adjustment mechanism whereby an Industrial Customer could apply to Hydro to have their first block energy adjusted to take account of significant changes to their business or output. In order to qualify for such an adjustment, it was agreed that the following criteria must be met:

- There must be a material change in the customer's electricity requirements resulting in an increased Power on Order of at least 1 MW.
- The increased electricity requirements must be driven by growth or change in the customer's business including:
  - legislated or regulatory requirements;
  - an increase in production or output;
  - improvements in product quality; or
  - change in or addition of a new type of product.

The onus would be on the customer making the application to demonstrate that the additional electricity requirements meet the tests necessary for an energy block adjustment. Application would be made to the Public Utilities Board (the Board) to alter blocks, on a case-by-case basis.

#### **4.2.4 New Customer Block Sizing**

When a new customer enters the system, it may not be practical to price all energy sales at the tail block, or Holyrood rate since this could result in barriers for new industry to develop in the province. As well, it is not reasonable to assume that a GRA would immediately result from the entrance of a new customer. It is likely that new customers may take an extended period to reach a 'normal' operating load. Additionally, new customers often require a ramp up, or construction period before production related operations are on line, and forecasting of power and energy requirements for this period may not be realistic. Therefore, it is proposed that customers

entering the Island Interconnected System between rate hearings will be charged a Test Year average energy charge, in addition to regular IC demand charges, for all kilowatt-hours.

Since the incremental costs to serve the new customer would likely be incurred entirely at the marginal fuel cost while the incremental revenues would be an average cost based rate, this treatment would likely result in a negative impact to Hydro's net income. It would not take a very large new Industrial Customer to have a material impact on Hydro's net income.

In order to mitigate Hydro's exposure to this risk, the Parties agreed that it would be reasonable to have an adjustment mechanism that adjusts rates for all customers on the Island Interconnected System. The rate adjustment would be based on the most recently approved Cost of Service study, and would require Hydro to apply to the Board for a rate adjustment. The incremental system generation would be adjusted to account for the new fuel expense and the additional electricity sales. This treatment has the following advantages:

- It allows new Industrial Customers to share in the benefits of the low-cost hydroelectric system;
- It protects Hydro from excessive earnings risk between rate applications and prevents the need for a full General Rate Application in the event that a new Industrial Customer joins the system. This protects all Parties from unnecessary administrative and regulatory costs related to a GRA.
- It produces rates that are consistent with the most recently reviewed Cost of Service study.

This proposal has been discussed with, and agreed to by, Newfoundland Power and the Consumer Advocate.

#### **4.2.5 Block Sizing where a Customer Load Materially Decreases**

When a customer load materially decreases on a permanent or semi-permanent basis, block sizes should be reset to reflect the decreased requirements. While Industrial Customers are contractually obliged to declare Power on Order on an annual basis, there is no contractual

requirement to declare energy requirements. Depending on the load change, having a fixed first block may provide an incentive to the Industrial Customer to declare a higher than necessary Power on Order.

Table 2 illustrates the comparative cost to the customer when a Test Year load is substantially reduced.

**Table 2: Customer Load Reduction**

<u>Test Year</u>				<b>Cost to Customer \$</b>
	<b>Units</b>	<b>Rate</b>		
Demand:	54,000 kW	6.68 \$/kW/mo.		4,328,640
Energy:				
First Block	338,708,260 kWh	20.28 mills/kWh		6,867,657
Second Block	108,891,740 kWh	88.05 mills/kWh		9,587,721
	447,600,000			16,455,377
Total Cost				20,784,017
<u>Power on Order Reduced by 22 MW</u>				<b>Cost to Customer</b>
	<b>Units</b>	<b>Rate</b>		
Demand:	32,000 kW	6.68 \$/kW/mo.		2,565,120
Energy:				
Revised Requirement	241,600,000 kWh			
First Block Ratio	75.67%			
First Block	182,823,761 kWh	20.28 mills/kWh		3,706,939
Second Block	58,776,239 kWh	88.05 mills/kWh		5,175,141
	241,600,000			8,882,080
Total Cost				11,447,200
<u>Power on Order Not Reduced</u>				<b>Cost to Customer</b>
	<b>Units</b>	<b>Rate</b>		
Demand:	54,000 kW	6.68 \$/kW/mo.		4,328,640
Energy:				
First Block	241,600,000 kWh	20.28 mills/kWh		4,898,687
Second Block	- kWh	88.05 mills/kWh		-
	241,600,000			4,898,687
Total Cost				9,227,327

While it is possible to include in the customer contract a provision requiring the customer to advise Hydro when a substantial permanent or long-term load decrease is to occur, there does not

appear to be a practical means of ensuring that provision has received compliance. It should be noted that potential gains to Hydro because of such fuel savings would, of course, be subject to existing over-earnings mechanisms.

#### **4.2.5.1 Rate Design Alternative**

To mitigate possible manipulation of block sizing, the Parties considered the option of simplifying the two-block energy structure to set the blocks monthly as a percentage of total energy consumed. For instance, the first block would be 75% of monthly energy consumption. While this approach offers ease of administration and understandability, it mutes the price signal provided to the IC in that every kWh would be priced partially at first block prices.

#### **4.2.6 Means to Apply the Annual First Block to Monthly Billing**

The proposed block sizing is based on Test Year percentage of energy supplied from sources other than Holyrood. Since the IC load factor tends to be stable, the first block can be divided by 12 to determine monthly block size, and some portion of the energy sales would be priced at the tail block rate. This is illustrated in Table 3 following.

**Table 3: Monthly Blocks 2007 Test Year**

	<b>ACI - SV</b>	<b>ACI - GF</b>	<b>CBPP</b>	<b>NARL</b>	<b>AUR</b>
Annual First Block (MWh)	4,313	99,433	338,708	185,624	48,657
divided by	12	12	12	12	12
Monthly First Block (MWh)	359	8,286	28,226	15,469	4,055
<b>2007 Test Year</b>					
Minimum Monthly MWh forecast	-	9,900	32,500	19,100	4,800
Maximum Monthly MWh forecast	1,300	11,600	39,400	21,800	5,500
Average Monthly MWh forecast	475	10,950	37,300	20,442	5,358

The Parties discussed the possibility of a customer not using all of its first block energy in a given month due to an emergency shutdown, strike or lockout. The IC propose that if such an event occurred, energy sales for the year would be reviewed. If the load factor for the year is higher than the customer's historic load factor, indicating that the IC may have made up the unused energy, then the rate for the number of kWh above the calculated load factor will be

adjusted from the second block rate to first block. The Parties could not come to an agreement on a proposal to resolve this rate issue and have agreed to include a summary of both perspectives in this report. The Parties will look to make their respective cases on this matter to the Board and request that the Board determine their preferred treatment with respect to this issue.

Hydro and the IC note that the first block energy has been sized so that under normal operating conditions each IC will use their full allocation of first block energy in each month with some energy being purchased in the second block at marginal cost based rates. Hydro and the IC reviewed historic load patterns of the IC to confirm the appropriateness of the block sizing for this purpose. This is consistent with the rate objectives for the IC rate design in that the rates and revenues track the costs on the system (i.e. that they are consistent with overall Cost of Service) with a marginal cost price signal on the more discretionary or incremental portion of the IC load.

Hydro and the IC also recognize that in the case of certain extreme operating events, such as a fire or other emergency or a strike, it is possible that an IC's load could drop below the second block level. In such a case, the IC would not receive the maximum monthly amount of first block energy for which they would otherwise be eligible.

#### **4.2.6.1 Customer Perspective**

Under other than normal operating conditions, an IC may not use all of the first block energy. The IC position is that the customer should have access to an annual first block of energy, broken down by month for billing purposes, and that the customer should be entitled to make up for a temporary shutdown by producing more in a subsequent month, and continuing to receive the benefit of the first block rate.

#### **4.2.6.2 Hydro Perspective**

However, from Hydro's perspective, the first block of lower cost energy represents an opportunity for the IC to have access to benefits from the low cost hydro-electric generation resources. It is not, in Hydro's view, an entitlement to that amount of low cost energy. Therefore, it is not necessary to have a mechanism in place to allow an IC to "carry over" unused first block energy from month to month.

### **4.3 Demand Charges**

Demand charges for Industrial Customers are calculated based on Test Year embedded costs that are classified as demand and have been allocated to the Industrial Customer rate class.

Although the Marginal Cost Study identifies the marginal cost of demand as negligible, it is recognized that demand does in fact have a value from a planning and winter capacity perspective. Each IC is billed for firm Power on Order for each month of the year.

This review was undertaken with the objective of having new rate designs continue to be based on the embedded Cost of Service study, but with a marginal price signal applied to the discretionary or marginal components of load. In the case of the IC, there is little discretionary demand. No benefits have been identified to warrant changes to the existing embedded cost-based method of designing the demand charge to IC. Since Hydro commits to provide firm Power on Order to the IC based on the individual customer requirements, it is reasonable, and has been agreed that Hydro will continue to bill IC embedded cost based demand charges for their full Power on Order.

Non-firm energy is identified as that in excess of 100% load factor energy. Non-firm supply means that Hydro is not obligated to supply the power, but does if sufficient capacity is available on the system. Any change in this identification of the supply as non-firm may result in capacity constraints on the system, and no changes to non-firm provisions are proposed at this time.

The review of the IC rate design considered whether implementing the marginal cost energy block would require changes to the existing demand charges, Power on Order and provisions for firm and non-firm supply. It was determined by the Parties that no such changes were required.

### **4.4 Customer Generation**

Some of Hydro's IC have their own generation facilities. Therefore, rate design which includes tail block pricing at the marginal energy price will result in higher or lower costs for those customers with their own generation, based on fuel prices. Hydro and Corner Brook Pulp and Paper Limited (CBPP) are currently in separate discussions to permit the optimization of CBPP's hydraulic generation in other circumstances and both Parties believe that any resulting agreement is independent of this review of Industrial Customers' rate design.

The Parties discussed the possible interactions of the generation credits and the marginal cost rate design and consider that the implementation of a marginal energy price remains an appropriate signal.

Abitibi Consolidated Incorporated, Grand Falls (ACI-GF), also has available generation, as well as available compensation. The current contract provisions do not offer ACI-GF an opportunity to alter their generation patterns based upon the rate design considered in this report, and the implementation of a marginal energy price remains an appropriate signal.

#### **4.5 DSM and Conservation**

There is an existing joint study being conducted by Newfoundland Power and Hydro on Conservation and Demand Management (CDM). That study will address potential CDM opportunities for the utilities' customers including IC, and this topic will therefore not be addressed in this report.

#### **4.6 Load Variation Provision of the Rate Stabilization Plan**

The introduction of a two-block energy rate structure for Industrial Customers requires consideration of the load variation provision of the RSP. The existing load variation provision of the RSP provides for load changes to be recovered from or refunded to the customer group based on the difference between energy revenue and Test Year fuel costs or savings. With tail block pricing based on the Test Year fuel price, load variations at the tail block result in a small change to the existing RSP. Table 4 illustrates a 10 GWh load variation at the existing IC energy rate and at the 2007 Test Year tail block energy rate.

**Table 4: Load Variation Comparison**

	<b>Sales Variance (kWh)</b>	<b>Cost of Service No. 6 Fuel Cost (\$)</b>	<b>Firm Energy Rate (\$/kWh)</b>	<b>Holyrood Conversion Factor</b>	<b>Load Variation (\$)</b>
Existing Rates	10,000,000	55.46	0.03676	630	512,717
2007 Test Year Tail Block Rate	10,000,000	55.46	0.08805	630	(183)

If all IC load variations were to occur at the tail block, it would appear that there is no need for a load variation component of the RSP. There are, however, instances when an IC load variation may occur within first block sales. During a labour disruption, a prolonged maintenance outage or under other possible circumstances, monthly sales to an individual IC may be less than the first block threshold. In that case, Hydro would save fuel at Holyrood, and lose revenue at a much smaller rate, resulting in savings to Hydro. Potential windfall profits to Hydro are mitigated by Hydro's excess earnings cap however, and the potential for Hydro to make such windfall profits in this manner is very limited.

There may also be instances where there are additional sales to an IC at first block energy prices, and the related Holyrood fuel would cost substantially more than the additional revenue earned. This would occur, for example, if a new customer enters the system, or an existing customer experiences production growth that qualifies for additional energy at first block prices. Table 5 shows the potential impacts on Hydro under various IC load growth scenarios.

**Table 5: Revenue and Fuel Comparison – Additional IC load at First Block**

<b>Customer Forecast</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>
Monthly Billing Demand (kW)	<b>10,000</b>	<b>15,000</b>	<b>20,000</b>	<b>25,000</b>
Average Annual Energy (kWh Sales)	<b>50,000,000</b>	<b>80,000,000</b>	<b>150,000,000</b>	<b>165,000,000</b>
Load Factor	57.1%	60.9%	85.6%	75.3%
Customer kWh/kW	417	444	625	550
Test Year First Block Ratio	<b>75.67%</b>	<b>75.67%</b>	<b>75.67%</b>	<b>75.67%</b>
First Block kWh/kW	315	336	473	416
Monthly First Block kWh	3,153,004	5,044,806	9,459,011	10,404,912
Annual First Block kWh	37,836,043	60,537,669	113,508,130	124,858,943
Annual Second Block kWh	12,163,957	19,462,331	36,491,870	40,141,057
Average Annual Energy (kWh Sales)	<b>50,000,000</b>	<b>80,000,000</b>	<b>150,000,000</b>	<b>165,000,000</b>
<b>Revenue</b>				
Demand	765,600	1,148,400	1,531,200	1,914,000
Energy First Block	767,164	1,227,463	2,301,493	2,531,643
Energy Second Block	1,071,014	1,713,623	3,213,043	3,534,347
Total Revenue	<b>2,603,779</b>	<b>4,089,486</b>	<b>7,045,737</b>	<b>7,979,990</b>
<b>Fuel Impacts</b>				
kWh Increase (Decrease) * 1.03 (losses)	51,500,000	82,400,000	154,500,000	169,950,000
Equivalent bbls No. 6 Fuel (630 kWh/bbl)	81,746	130,794	245,238	269,762
Cost (\$55/bbl)	4,496,032	7,193,651	13,488,095	14,836,905
Variance between Fuel Savings and Hydro Revenue	<b>(1,892,253)</b>	<b>(3,104,165)</b>	<b>(6,442,359)</b>	<b>(6,856,915)</b>

As illustrated in Table 5, there would be a negative impact on utility revenues as Hydro's incremental revenues would not be sufficient to offset the incremental fuel expense. It may be reasonable for the utility to absorb this revenue impact, subject to a maximum threshold. If the revenue impact exceeded the threshold, Hydro would have recourse to make rate adjustments based on a limited scope re-run of its Cost of Service. Hydro would adjust only loads and fuel expense; other variables would remain the same as at the most recently approved General Rate Application. The Cost of Service rebalancing would adjust rates for all customers, not only Industrials. This will be further discussed in the ongoing RSP review, after consideration by Newfoundland Power and the Consumer Advocate.

## **APPENDIX A**

## **Framework for Industrial Customers' Rate Design Review**

### **1.0 Current Rate Design Methodology**

The current Industrial Customer (IC) firm rate design entails a single demand charge applied to all Power on Order each month and a single energy charge applied to all firm kWh consumed. Non-firm kWh are priced largely at the cost of fuel at Holyrood.

### **2.0 Rate Design Review**

In light of the principles identified in Attachment A, Hydro and the ICs will enter into discussions following the 2006 GRA directed toward development of a suitable revised Island Industrial rate design focused on the following points:

- 1) New rate designs will continue to be based on recovering the full IC revenue requirement measured by the embedded Cost of Service study, but with a marginal price signal on the discretionary or marginal components of the load.
- 2) The discussions will focus on development of a suitable and practical industrial rate design for future implementation subject to review by stakeholders and the Board.
- 3) A variety of issues related to practical implementation and fairness require careful consideration. Guidance on these matters will be sought through discussions at times with each of the Industrial Customers regarding the unique characteristics of their operations and specific facility plans, and through review of similar rate structures in other jurisdictions. Practical issues include, but are not limited to:
  - a. **Energy Blocks:** Determination of a reasonable approach for sizing first block energy versus run-out (marginal) blocks, including:
    - The means to set an initial annual division between the first block for each customer versus the run-out or second block.
    - The basis and timing under which the size of the first block might be adjusted for each customer (both short-term and long-term).

- Approaches used to set the first block energy allocation to new Industrial Customers coming on the system.
  - Means to apply the annual first block energy concept to monthly billing.
- b. Demand Charges:** Interaction between demand changes, actual metered peak loads, Power on Order and delimitation between firm and non-firm supplies.
- c. Customer Generation:** Interaction with customer generation including impacts on dispatch and expansion of generation capability.
- d. Other Contract Provisions:** Interactions with other provisions in the existing Industrial Customer contracts such as Force Majeure events, and interaction with non-firm rate provisions.
- e. Impacts on Loads and Customer Decisions:** Impacts on the economics of customer choices with respect to expansions of operations, or reductions. This matter should include an understanding of any likely impact of the rate design on the future growth and development of the level of industrial activity of Newfoundland.
- f. DSM and Conservation:** Implications for IC to implement DSM or conservation activities to reduce net loads on Hydro's system and capture long-term system savings.

## **APPENDIX B**

**APPENDIX B**  
*Proof of 2007 Test Year Revenue Requirement*

**Industrial Customer Energy Revenue**

**Energy Sales at Existing Rates**

	<b>Total</b>	<b>ACI - SV</b>	<b>ACI - GF</b>	<b>CBPP</b>	<b>NARL</b>	<b>AUR</b>	<b>Source</b>
1 Average Annual Energy (kWh Sales)	894,300,000	5,700,000	131,400,000	447,600,000	245,300,000	64,300,000	2007Test Year Load Forecast
2 Rate (mills/kWh)		36.76	36.76	36.76	36.76	36.76	
3 Energy Sales (\$)	32,874,468	209,532	4,830,264	16,453,776	9,017,228	2,363,668	Ln 1 * Ln 2 /1000

**Energy Sales where Second Block represents Test Year Holyrood Energy**

	<b>Total</b>	<b>ACI - SV</b>	<b>ACI - GF</b>	<b>CBPP</b>	<b>NARL</b>	<b>AUR</b>	<b>Source</b>
3 Average Annual Energy (kWh Sales)	894,300,000	5,700,000	131,400,000	447,600,000	245,300,000	64,300,000	2007Test Year Load Forecast
4 First Block Ratio		75.67%	75.67%	75.67%	75.67%	75.67%	Table 1
5 Annual First Block kWh	676,716,810	4,313,190	99,430,380	338,698,920	185,618,510	48,655,810	Ln 3 * Ln 4
6 Annual Second Block kWh	217,583,190	1,386,810	31,969,620	108,901,080	59,681,490	15,644,190	Ln 3 - Ln 5
7 Average Annual Energy (kWh Sales)	894,300,000	5,700,000	131,400,000	447,600,000	245,300,000	64,300,000	Ln 5 + Ln 6
8 First Block Rate (mills/kWh)	20.28						
9 Second Block Rate (mills/kWh)	88.05						
10 First Block Revenue (\$)		87,471	2,016,448	6,868,814	3,764,343	986,740	Ln 5 * Ln 8 /1000
11 Second Block Revenue (\$)		122,109	2,814,925	9,588,740	5,254,955	1,377,471	Ln 6 * Ln 9 /1000
12 Energy Sales (\$)	32,882,017	209,580	4,831,373	16,457,554	9,019,299	2,364,211	Ln 10 + Ln 11
13 Difference	7,549	48	1,109	3,778	2,071	543	Ln 12 - Ln 3

**Energy Sales where Second Block 25% of monthly total**

	<b>Total</b>	<b>ACI - SV</b>	<b>ACI - GF</b>	<b>CBPP</b>	<b>NARL</b>	<b>AUR</b>	<b>Source</b>
14 Average Annual Energy (kWh Sales)	894,300,000	5,700,000	131,400,000	447,600,000	245,300,000	64,300,000	2007Test Year Load Forecast
15 First Block Ratio		75.00%	75.00%	75.00%	75.00%	75.00%	Table 1
16 Annual First Block kWh	670,725,000	4,275,000	98,550,000	335,700,000	183,975,000	48,225,000	Ln 14 * Ln 15
17 Annual Second Block kWh	223,575,000	1,425,000	32,850,000	111,900,000	61,325,000	16,075,000	Ln 14 - Ln 16
18 Average Annual Energy (kWh Sales)	894,300,000	5,700,000	131,400,000	447,600,000	245,300,000	64,300,000	Ln 16 + Ln 17
19 First Block Rate (mills/kWh)	19.67						
20 Second Block Rate (mills/kWh)	88.05						
21 First Block Revenue (\$)		84,089	1,938,479	6,603,219	3,618,788	948,586	Ln 16 * Ln 19 /1000
22 Second Block Revenue (\$)		125,471	2,892,443	9,852,795	5,399,666	1,415,404	Ln 17 * Ln 20 /1000
23 Energy Sales (\$)	32,878,940	209,561	4,830,921	16,456,014	9,018,455	2,363,990	Ln 21 + Ln 22
24 Difference	4,472	29	657	2,238	1,227	322	Ln 23 - Ln 3

First Block Energy Rate variable based on how blocks are fixed. The formula is:  
Test Year Industrial Customer Energy Related Revenue Requirement

**less**

Second Block Energy Revenue

**equals**

Revenue Requirement to be recovered through first block sales

**divided by**

Energy Sales kWh

**equals**

First Block Rate



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8837  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

2008 04-11

**PARTY:**

**Newfoundland and Labrador Hydro**  
Hydro Place,  
Columbus Drive  
P.O. Box 12400  
St. John's, NL, A1B 4K7

**ATTENTION:**

Mr. Geoffrey P. Young [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

**E-MAIL**

**Newfoundland Power Inc.**  
55 Kenmount Road  
P.O. Box 8910  
St. John's, NL, A1B 3P6

Mr. Gerard Hayes [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Lorne Henderson [lhenderson@newfoundlandpower.com](mailto:lhenderson@newfoundlandpower.com)  
Mr. Kevin Fagan [kfagan@newfoundlandpower.com](mailto:kfagan@newfoundlandpower.com)

**Consumer Advocate**

O'Dea, Earle Law Offices  
323 Duckworth Street  
P.O. Box 5955  
St. John's, NL  
A1C 5X4

Mr. Thomas Johnson [tjohnson@odeaearle.nf.ca](mailto:tjohnson@odeaearle.nf.ca)

**Industrial Customers**

Poole Althouse  
P. O. Box 812  
49-51 Park Street  
Corner Brook, NL  
A2H 5H7

Mr. Joseph S. Hutchings, Q.C. [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)

**Steward McKelvey**

P. O. Box 5038  
Cabot Place  
100 New Gower Street  
St. John's, NL A1C 5V3

Mr. Paul L. Coxworthy [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
 P.O. Box 21040  
 St. John's, Newfoundland and Labrador  
 Canada, A1A 5B2

Phone No: (709) 726-8600  
 Toll Free: (866) 782-0006  
 Fax No: (709) 726-9604  
 Website: www.pub.nl.ca

**PETROLEUM PRICING OFFICE**

18 High Street  
 Grand Falls-Windsor  
 Newfoundland and Labrador  
 Canada, A2A 1C6

Phone No: (709) 489-8837  
 Toll Free: (866) 489-8800  
 Fax No: (866) 489-8879  
 Website: www.pub.nl.ca

2008 04 11

**To:**

**Attention:**

**Newfoundland and Labrador Hydro  
 Newfoundland Power Inc.**

Mr. Geoffrey P. Young  
 Mr. Gerard Hayes  
 Mr. Lorne Henderson  
 Mr. Kevin Fagan  
 Mr. Thomas Johnson  
 Mr. Joseph S. Hutchings, Q.C.  
 Mr. Paul L. Coxworthy

**Consumer Advocate  
 Industrial Customers**

Dear Sir/Madam:

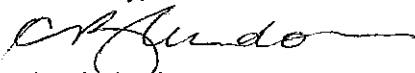
**RE: Newfoundland and Labrador Hydro  
 Industrial Rate Design Review**

The Board has reviewed the report "Review of the Industrial Customers Rate Design" filed as a result of the October 20, 2006 Agreement on Cost of Service, Rate Design and Rate Stabilization Plan dated February 5, 2007.

The Board notes that in the Executive Summary, page 1 the parties have identified several issues "...to be resolved at a Technical Conference or through some other regulatory proceeding...". Given previous success with a Board facilitated settlement process, the Board is prepared to engage Mr. Mark Kennedy to act in a similar capacity with a view in resolving some or all of the outstanding issues. Thereafter the matter can be brought to the Board by application, if necessary.

Please provide your comments regarding this approach by Friday, April 18, 2008. Should all parties agree, Mr. Kennedy will contact you to facilitate this process.

Yours truly,

  
 Cheryl Blundon  
 Board Secretary

cc. Mr. Mark Kennedy

I:\Hydro\Industrial Rate Design Review - All Parties - April 11 2008.doc

# POOLE ALTHOUSE

Barristers & Solicitors



D. Paul Althouse, Q.C.\*  
Jamie Merrigan  
Cillian D. Sheahan  
Robby D. Ash

Joseph S. Hutchings, Q.C.  
Dean A. Porter  
Liam P.M. O'Brien

George L. Murphy, Q.C.  
J. Annette Bennett  
Katrina E. Warren

Western Trust Building  
49-51 Park Street  
P.O. Box 812  
Corner Brook, NL  
Canada  
A2H 6H7  
Telephone: (709) 634-3136  
Facsimile: (709) 634-8247/9815  
www.poolealthouse.ca

Direct Line: 637-6425  
e-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)

Edward P. Poole, Q.C., Retired

\*A Master of the Supreme Court

via e-mail & regular mail

April 18, 2008

Board of Commissioners of Public Utilities  
120 Torbay Road, P.O. Box 21040  
St. John's, NL  
A1A 5B2

**Attn: Ms. Cheryl Blundon, Board Secretary**

**Re: Newfoundland and Labrador Hydro  
Industrial Rate Design Review**

Dear Ms. Blundon:

Thank you for your letter of April 11, 2008.

The Industrial Customers would be pleased to participate in the Board facilitated settlement process suggested in your correspondence and we look forward to discussing the matter further with Mr. Kennedy.

Yours very truly,

**POOLE ALTHOUSE**

  
Joseph S. Hutchings

JSH/sh

cc Newfoundland & Labrador Hydro  
Attn: Mr. Geoffrey P. Young

Newfoundland Power  
Attn: Mr. Gerard Hayes

O'Dea Earle  
Attn: Mr. Thomas Johnson

Stewart McKelvey  
Attn: Mr. Paul L. Coxworthy



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

April 18, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. G. Cheryl Blundon,**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Industrial Rate Design Review**

This is further to your letter of April 11, 2008 wherein you suggested that the parties avail of the services of Mr. Mark Kennedy as a settlement facilitator in the above-noted matter. We wish to express our consent to the Board's offer of Mr. Kennedy's services of which, we presume, the parties will avail as our needs arise.

From Hydro's perspective, Mr. Kennedy's role in assisting the parties with a number of difficult issues that arose in the settlement negotiations during Hydro's 2006 GRA was extremely positive. We are confident that, if required, he will lend his considerable experience and knowledge to the present matter as well.

Yours truly,

**NEWFOUNDLAND AND  
LABRADOR HYDRO**

\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

cc. G. Hayes, L. Henderson, K. Fagan, Newfoundland Power  
Joseph Hutchings, Q.C. &  
Paul Coxworthy, Industrial Customers  
Thomas Johnson, Consumer Advocate

55 Kenmount Road  
PO Box 8910  
St. John's, Newfoundland  
A1B 3P6  
Business: (709) 737-5600  
Facsimile: (709) 737-2974  
[www.newfoundlandpower.com](http://www.newfoundlandpower.com)

HAND DELIVERED

April 18, 2008

Board of Commissioners  
of Public Utilities  
P.O. Box 21040  
120 Torbay Road  
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon  
Board Secretary

Ladies & Gentlemen:

**Re: Newfoundland and Labrador Hydro  
Industrial Rate Design Review**

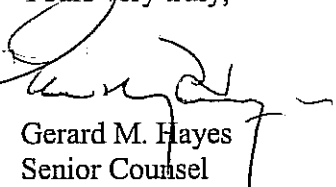
This is in reply to your letter dated April 11, 2008.

Newfoundland Power agrees with the proposed approach and the involvement of Mr. Kennedy in resolving outstanding issues.

We expect that our direct involvement in the industrial rate review process will be limited. However, we are prepared to assist and advise where the other participants believe it would be helpful.

In the meantime, we would ask that we continue to be copied on all related correspondence and to be informed of material developments.

Yours very truly,

  
Gerard M. Hayes  
Senior Counsel

c. Geoffrey Young  
Newfoundland and Labrador Hydro

Joseph S. Hutchings, Q.C.  
Industrial Customers

Mark Kennedy

Thomas Johnson  
Consumer Advocate

Paul Coxworthy  
Industrial Customers



Join us in the fight against cancer.

## 2013 RSP Application



NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

2008 09 16

<b><u>Newfoundland and Labrador Hydro</u></b> Mr. Geoffrey Young Senior Legal Counsel	Hydro Place, Columbus Drive P.O. Box 12400 St. John's, NL A1B 4K7	<a href="mailto:gyoung@nlh.nl.ca">gyoung@nlh.nl.ca</a>
<b><u>Industrial Customers</u></b> Mr. Paul Coxworthy Counsel  Mr. Joseph Hutchings, Q.C. Counsel	Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's, NL A2H 6H7  Poole Althouse 49-51 Park Street P.O. Box 812 Corner Brook, NL A2H 6H7	<a href="mailto:pcoxworthy@smss.com">pcoxworthy@smss.com</a>  <a href="mailto:jhutchings@pa-law.ca">jhutchings@pa-law.ca</a>
<b><u>Consumer Advocate</u></b> Mr. Thomas Johnson	O'Dea Earle 323 Duckworth Street P.O. Box 5955 St. John's, NL A1C 5X4	<a href="mailto:tjohnson@odcacarle.nf.ca">tjohnson@odcacarle.nf.ca</a>
<b><u>Newfoundland Power Inc.</u></b> Mr. Gerard Hayes Senior Counsel	55 Kenmount Road P.O. Box 8910 St. John's, NL A1B 3P6	<a href="mailto:ghayes@newfoundlandpower.com">ghayes@newfoundlandpower.com</a>

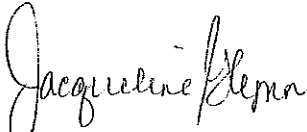
**Re: Newfoundland and Labrador Hydro's Industrial Customer Rate Design Review**

Dear Sirs:

This is further to correspondence of April 2008 wherein the parties agreed to have outside counsel, Mark Kennedy, facilitate the process for this review. The Board understands that relevant parties were not available over the summer months. At this time, we request that you provide the current status of any discussions and a summary of individual positions on this issue so we may move this matter forward. We shall be engaging Mr. Kennedy at the end of this month so we ask that your positions be received by September 26, 2008.

I trust the foregoing is satisfactory.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jacqueline Glynn".

Jacqueline Glynn  
Legal Counsel

cc: Mr. Mark Kennedy

R:\Hydro\Industrial Rate Design Review\Current position.Sept 16.08.doc



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

September 26, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL  
A1A 5B2

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro's Industrial Customer Rate Design Review**

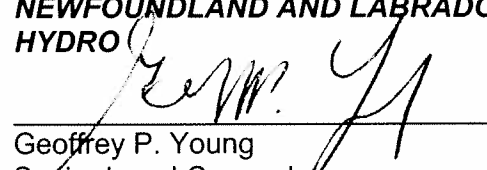
In response to the Board's letter of September 16, 2008, Newfoundland and Labrador Hydro's (Hydro) positions and the Industrial Customer (IC) positions on the Industrial Customer Rate Design Review are contained within the report filed with the Board on February 5, 2008, and conveniently summarized at p 1-2 in the Executive Summary. No substantive discussions have since taken place.

Hydro had consulted with Joseph Hutchings, Counsel to IC, who has expressed his clients' concurrence with the position stated in this correspondence. You may feel free to contact either of us should you require any further information or confirmation.

The IC and Hydro are looking forward to seeking the opinions of the other parties and working with Mr. Kennedy to reach resolution of outstanding issues.

Yours truly,

**NEWFOUNDLAND AND LABRADOR  
HYDRO**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales  
Joseph S. Hutchings, Q.C., Poole Althouse  
Thomas Johnson – Consumer Advocate

NP-NLH-7

**RSP Components to be charged to Industrial Customers**

**Page 1 of 1**

1 Q. Please provide an illustration of the potential impacts on the balance in the load  
2 variation component of the RSP effective June 30, 2009 if a two-block rate structure  
3 for Industrial Customers with a marginal cost based second block had been  
4 implemented effective on January 1, 2008.

5

6

7 A. Please see response to CA-NLH-8 for 2008 impacts. The load variation for 2009  
8 would be distributed in a similar manner, and can be estimated as:

		Year-to-Date (\$)
Utility Load Variation (RSP Page 8)		(214,514)
Industrial Customer Load Variation (RSP Page 9)		(12,229,095)
Total		(12,443,609)
		<b>kWh</b>
Utility Twelve-Months-to-Date Sales (RSP Page 6)	4,973,908,918	
Industrial Customer Twelve-Months-to-Date Sales (RSP Page 6)	562,003,055	
Total	5,535,911,973	
		<b>Percent of total</b>
Utility Twelve-Months-to-Date Sales (RSP Page 6)	89.85%	(11,180,340)
Industrial Customer Twelve-Months-to-Date Sales (RSP Page 6)	10.15%	(1,263,269)
Total	100.00%	(12,443,609)

**RSP Components to be charged to Industrial Customers**

**Page 1 of 1**

1 Q. Provide an illustration of the costs for a single year that would be charged to the  
2 Industrial RSP Plan and the Retail RSP Plan through the current load variation  
3 component if Vale Inco requires its full annual operational load requirements prior  
4 to Hydro's next general rate application (i.e., assume the Vale Inco energy  
5 requirement is the only load variation for purpose of the computations). In this  
6 response, please show and explain the basis of the calculations.

7

8

9 A. If Vale Inco were to require its full annual operational load requirement prior to  
10 Hydro's next general rate application, there would be no impact to the Retail RSP  
11 Plan through the current load variation. The impact to the Industrial RSP Plan  
12 through the current load variation is as shown in the table below.

13

Impact on Load Variation Due to Vale Inco		
Vale Inco 2013 Load Forecast	573,000,000	kWh
2007 Cost of Service No.6 Fuel Price	55.47	\$/barrel
Holyrood Efficiency 2007 Cost of Service	630	kWh/barrel
Industrial Firm Energy Rate	0.03676	\$/kWh
Industrial Load Variation	<u>\$ 29,387,806</u>	Line 2 X ((Line 3/Line4)-Line5)

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 2

1 Q. Does Hydro believe that the load variation component in its current form results in  
2 a fair allocation of energy costs among all customer classes between test years if  
3 either an existing large industrial customer shuts down operations or a new large  
4 industrial customer begins operations? Please explain why or why not.  
5  
6

7 A. The issue of the fairness of allocating energy costs among all customer classes  
8 between test years was addressed in Hydro's 2006 report "Review of the Operation  
9 of the Rate Stabilization Plan" which was filed with the Board in 2006 and included  
10 as part of Hydro's June 30, 2009 Application. Page 14 of that report concludes that  
11 the load variation component of the plan does not result in a fair allocation of  
12 energy costs when measured against the Cost of Service methodology, stated as  
13 follows:  
14

15 *One measure of fairness when it comes to evaluating the customer allocations*  
16 *performed in the RSP is the degree to which the RSP adjustment rate anticipates a*  
17 *re-setting of customer base rates using a Cost of Service study. If the change were*  
18 *to be incorporated into a new test year, the RSP adjustment rate should be*  
19 *representative of the change to base rates. Hydro has evaluated both the previous*  
20 *and the existing RSP allocation of customer load variation against the Cost of*  
21 *Service treatment. This evaluation showed that both the previous and existing*  
22 *methods produce widely different results which led Hydro to conclude that the*  
23 *customer allocation for the load variation should be revised so that it is more closely*  
24 *aligned with Cost of Service treatment.*  
25

26 This conclusion would hold true in both cases where, if between test years, either  
27 an existing large Industrial Customer shuts down operations or a new large

NP-NLH-9

**RSP Components to be charged to Industrial Customers**

---

**Page 2 of 2**

- 1 Industrial Customer begins operations. Hydro considers that its conclusion with
- 2 regard to the load variation component of the RSP, which was also outlined in its
- 3 2006 report, is a fairer method to allocate the load variation balance of the Plan.
- 4 Please refer to the response PUB-NLH-15.

1 Q. Identify the balance for each year credited to the Industrial RSP through the load  
2 variation component at: year-end 2007, year-end 2008; June 30 2009; and forecast  
3 year-end 2009 and 2010 resulting from production shutdowns in the pulp and  
4 paper industry.

5

6

7 A. Please see the attached schedules showing each plant shutdown and the related  
8 impact on kWh. The kWh impact is then used to calculate the load variation of the  
9 shutdowns. Please note that Abitibi Stephenville ceased operations in October  
10 2005 with limited load to maintain the plant. This limited load was used in the 2007  
11 Test Year Cost of Service. For the shutdown of the Stephenville mill, the impacts  
12 are limited to the Stephenville load included in the 2007 test year.

**IC-NLH-22, Attachment 1, Page 230 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Summary of Pulp and Paper Industry Shutdowns - kWh**

**NP-NLH-10**  
**Page 2 of 3**

<b>kWh Impact on Industrial Load Variation Due to Plant Shutdowns to June 30, 2009</b>						
Description	Effective date	Annual Impact kWh	2007 Jan - Dec kWh	2008 Jan - Dec kWh	2009 Jan - Jun kWh	Total Jan 2007 to June 2009 kWh
Abitibi Stephenville	1-Oct-05	(5,700,000)	(2,638,441)	(5,700,000)	(5,100,000)	(13,438,441)
Corner Brook Pulp and Paper Paper Machine 1	5-Nov-07	(197,500,000)	(32,200,000)	(197,500,000)	(99,100,000)	(328,800,000)
Abitibi Grand Falls	12-Feb-09	(131,400,000)	-	-	(49,800,000)	(49,800,000)
Corner Brook Pulp and Paper Paper Machine 4	22-Mar-09	(145,000,000)	-	-	(36,250,000)	(36,250,000)
Annual kWh reduction in energy sales			(34,838,441)	(203,200,000)	(190,250,000)	(428,288,441)
Cumulative kWh reduction in energy sales to June 30, 2009			(34,838,441)	(238,038,441)	(428,288,441)	

<b>kWh Impact on Industrial Load Variation Due to Plant Shutdowns to Forecast December 31, 2010</b>							
Description	Effective date	Annual Impact kWh	2007 Jan - Dec kWh	2008 Jan - Dec kWh	2009 Jan -Dec Forecast kWh	2010 Jan -Dec Forecast kWh	Total Jan 2007 to Dec 2010 Forecast kWh
Abitibi Stephenville	1-Oct-05	(5,700,000)	(2,638,441)	(5,700,000)	(5,700,000)	(5,700,000)	(19,738,441)
Corner Brook Pulp and Paper Paper Machine 1	5-Nov-07	(197,500,000)	(32,200,000)	(197,500,000)	(197,500,000)	(197,500,000)	(624,700,000)
Abitibi Grand Falls	12-Feb-09	(131,400,000)	-	-	(115,900,000)	(131,400,000)	(247,300,000)
Corner Brook Pulp and Paper Paper Machine 4	22-Mar-09	(145,000,000)	-	-	(108,750,000)	(145,000,000)	(253,750,000)
Annual kWh reduction in energy sales			(34,838,441)	(203,200,000)	(427,850,000)	(479,600,000)	(1,145,488,441)
Cumulative kWh reduction in energy sales to Forecast December 31, 2010			(34,838,441)	(238,038,441)	(665,888,441)	(1,145,488,441)	

**Newfoundland and Labrador Hydro**  
**Summary of Pulp and Paper Industry Shutdowns - Dollars**

**NP-NLH-10**  
**Page 3 of 3**

<b>Dollar Impact on Industrial Load Variation Due to Plant Shutdowns to June 30, 2009</b>					
		<b>2007</b>	<b>2008</b>	<b>2009</b>	
		<b>Jan - Dec</b>	<b>Jan - Dec</b>	<b>Jan - Jun</b>	<b>Total</b>
Annual kWh reduction in energy sales	kWh	(34,838,441)	(203,200,000)	(190,250,000)	(428,288,441)
2007 Cost of Service No.6 Fuel Price	\$/barrel	55.47	55.47	55.47	55.47
Holyrood Efficiency 2007 Cost of Service	kWh/barrel	630	630	630	630
Industrial Firm Energy Rate	\$/kWh	0.03676	0.03676	0.03676	0.03676
Industrial Load Variation	Line 3 X ((Line 4/Line5)-Line6)	<u><b>\$ (1,786,781)</b></u>	<u><b>\$ (10,421,644)</b></u>	<u><b>\$ (9,757,470)</b></u>	<u><b>\$ (21,965,895)</b></u>

Dollar Impact on Industrial Load Variation Due to Plant Shutdowns to Forecast December 31, 2010						
		2007	2008	2009	2010	
		Jan - Dec	Jan - Dec	Jan -Dec Forecast	Jan -Dec Forecast	Total
Annual kWh reduction in energy sales	kWh	(34,838,441)	(203,200,000)	(427,850,000)	(479,600,000)	(1,145,488,441)
2007 Cost of Service No.6 Fuel Price	\$/barrel	55.47	55.47	55.47	55.47	55.47
Holyrood Efficiency 2007 Cost of Service	kWh/barrel	630	630	630	630	630
Industrial Firm Energy Rate	\$/kWh	0.03676	0.03676	0.03676	0.03676	0.03676
Industrial Load Variation	Line 3 X ((Line 4/Line5)-Line6)	<u><u>\$ (1,786,781)</u></u>	<u><u>\$ (10,421,644)</u></u>	<u><u>\$ (21,943,408)</u></u>	<u><u>\$ (24,597,542)</u></u>	<u><u>\$ (58,749,375)</u></u>

1    Q.    Further to NP-NLH-10, please identify each plant shutdown event, the timing of the  
2           shutdown event, the cumulative GWh reduction that resulted from each event and  
3           estimate the impact through the load variation component on the June 30<sup>th</sup> 2009  
4           Industrial RSP balance from each event.

5

6

7    A.    Please refer to NP-NLH-10 page 2 for the kWh for each plant shutdown. The  
8           attached schedule shows the dollar impact of the load variation of each event.

Newfoundland and Labrador Hydro  
Summary of Pulp and Paper Industry Shutdowns by Industrial Customer

NP-NLH-11  
Page 2 of 2

Dollar Impact on Industrial Load Variation Due to Plant Shutdowns to June 30, 2009 by Industrial Customer						
		Abitibi	Corner Brook	Abitibi Grand	Corner Brook	
		Stephenville	Pulp and Paper	Falls	Pulp and Paper	Total
			Paper Machine 1		Paper Machine 4	
kWh reduction in energy sales Jan 2007						
to June 2009 (see NP-NLH-10, page 2 Of	kWh	(13,438,441)	(328,800,000)	(49,800,000)	(36,250,000)	(428,288,441)
2007 Cost of Service No.6 Fuel Price	\$/barrel	55.47	55.47	55.47	55.47	55.47
Holyrood Efficiency 2007 Cost of Service	kWh/barrel	630	630	630	630	630
Industrial Firm Energy Rate	\$/kWh	0.03676	0.03676	0.03676	0.03676	0.03676
Industrial Load Variation	Line 3 X ((Line 4/Line5)-Line6)	<u>\$ (689,226)</u>	<u>\$ (16,863,369)</u>	<u>\$ (2,554,123)</u>	<u>\$ (1,859,176)</u>	<u>\$ (21,965,894)</u>

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide the cumulative load variation transfer to the Industrial RSP that  
2 occurred over the period November 2005 to December 2006 that resulted from the  
3 closure of the Abitibi Stephenville paper mill and estimate the resulting annual bill  
4 reduction for each existing industrial customer for 2007, 2008 and 2009 forecast.

5

6

7 A. The load variation calculated in any given year is included in the RSP balance on  
8 which the recovery rates for the upcoming year are based. As a result, any load  
9 variation is considered to affect rates for the next year only and have no lingering  
10 effect past that year. The load variation calculated as a result of Abitibi Stephenville  
11 for November to December 2005 would impact 2006 rates only, while the load  
12 variation calculated for January to December 2006 would affect 2007 rates only.  
13 These load variations would have no impact on 2008 or 2009. The calculation of  
14 the effect of the 2006 load variation on the annual bill for 2007 for each Industrial  
15 Customer is shown in the attached schedule.

Newfoundland and Labrador Hydro  
Impact of Abitibi Stephenville Shutdown  
November 2005 to December 2006

NP-NLH-12  
Page 2 of 2

Line #	Impact on Industrial Load Variation Due to Abitibi Stephenville Shutdown November 2005 to December 2006		
		November to December 2005	January to December 2006
1	2004 Test Year COS Energy Sales Abitibi Stephenville kWh	82,700,000	515,200,000
2	Actual Energy Sales Abitibi Stephenville kWh	2,228,895	6,769,197
3	kWh variance in energy sales kWh	80,471,105	508,430,803
4	2004 Cost of Service No.6 Fuel Price \$/barrel	29.58	29.58
5	Holyrood Efficiency 2004 Cost of Service kWh/barrel	630	630
6	Industrial Firm Energy Rate \$/kWh	0.02675	0.02675
7	Industrial Load Variation Line 3 X ((Line 4/Line5)-Line6)	<b>\$ 1,625,708</b>	<b>\$ 10,271,513</b>
8	kWh used for rate calculation kWh	1,432,581,251	605,898,557
9	Impact of load variation on mill rate Line 7/Line8 X 1000	<b>1.1348</b>	<b>16.9525</b>

Industrial Customer		Actual kWh 2007 per RSP	Impact on Annual Bill \$
			Line 9 X Actual kWh /1000
10	Abitibi Grand Falls	90,556,156	\$ 1,535,156
11	Abitibi Stephenville	3,061,559	51,901
12	Corner Brook	362,693,764	6,148,577
13	North Atlantic Refining	263,523,467	4,467,389
14	Aur Resources	51,363,612	870,743
15	Total	771,198,558	\$ 13,073,766

**RSP Components to be charged to Industrial Customers**

---

1 Q. Assume the balance related to the load variation component as of June 30, 2009 is  
2 allocated among each existing industrial customer based on their most recent 12  
3 months energy use and disbursed to each on that same date. Incorporating this  
4 rate rebate, provide a computation of the average unit price on a ¢ per kWh basis  
5 for electrical service for each existing industrial customer for the period January 1,  
6 2007 to June 30, 2009.

7

8

9 A. Assuming the balance related to the load variation component as of June 30, 2009  
10 is allocated among each existing industrial customer based on their most recent 12  
11 months energy use and disbursed to each on that same date, the average unit price  
12 on a ¢ per kWh basis for electrical service for each existing industrial customer for  
13 the period January 1, 2007 to June 30, 2009 is shown in the table below.  
14 Supporting calculations are attached.

Average Unit Price	
January 1, 2007 - June 30, 2009	
	¢ per kWh
Abitibi- Grand Falls	4.964
Corner Brook Pulp and Paper	2.857
North Atlantic Refining Limited	2.161
Tech Cominco	1.254

**IC-NLH-22, Attachment 1, Page 237 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation Abeyance**  
**Dec-07**

**Attachment 1**  
**NP-NLH-13**  
**Page 1 of 4**

	<b>A</b>	<b>E</b>	<b>G</b>
	Load	Financing	Cumulative
	Variation	Charges	Net
	(\$)	(\$)	Balance
Opening Balance			-
January	(671,353)	-	(671,353)
February	(319,478)	(4,073)	(994,904)
March	(50,330)	(6,037)	(1,051,271)
April	(364,389)	(6,379)	(1,422,039)
May	288,748	(8,628)	(1,141,919)
June	(59,984)	(6,929)	(1,208,832)
July	(314,138)	(7,335)	(1,530,305)
August	(244,325)	(9,285)	(1,783,915)
September	(804,874)	(10,824)	(2,599,613)
October	(1,262,396)	(15,773)	(3,877,782)
November	(1,384,091)	(23,528)	(5,285,401)
December	(1,075,467)	(32,069)	(6,392,937)
Year to date	(6,262,077)	(130,860)	(6,392,937)
Total	(6,262,077)	(130,860)	(6,392,937)

**IC-NLH-22, Attachment 1, Page 238 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation Abeyance**  
**Dec-08**

**Attachment 1**  
**NP-NLH-13**  
**Page 2 of 4**

	<b>A</b>	<b>E</b>	<b>G</b>
	Load	Financing	Cumulative
	Variation	Charges	Net
	(\$)	(\$)	Balance
Opening Balance			(6,392,937)
January	(1,339,888)	(38,789)	(7,771,614)
February	(927,720)	(47,154)	(8,746,488)
March	(1,095,157)	(53,069)	(9,894,714)
April	(832,010)	(60,036)	(10,786,760)
May	(629,138)	(65,449)	(11,481,347)
June	(885,012)	(69,663)	(12,436,022)
July	(986,462)	(75,456)	(13,497,940)
August	(1,077,773)	(81,899)	(14,657,612)
September	(918,884)	(88,935)	(15,665,431)
October	(629,410)	(95,050)	(16,389,891)
November	(259,428)	(99,446)	(16,748,765)
December	(734,300)	(101,623)	(17,584,688)
Year to date	(10,315,182)	(876,569)	(11,191,751)
Total	(10,315,182)	(876,569)	(17,584,688)

**IC-NLH-22, Attachment 1, Page 239 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variation Abeyance**  
**Dec-09**

**Attachment 1**  
**NP-NLH-13**  
**Page 3 of 4**

	<b>A</b>	<b>E</b>	<b>G</b>
	Load	Financing	Cumulative
	Variation	Charges	Net
	(\$)	(\$)	Balance
			(\$)
Opening Balance			(17,584,688)
January	(1,361,201)	(106,695)	(19,052,584)
February	(1,401,471)	(115,602)	(20,569,657)
March	(1,809,433)	(124,806)	(22,503,896)
April	(2,936,566)	(136,542)	(25,577,004)
May	(2,543,731)	(155,188)	(28,275,923)
June	(2,176,693)	(171,564)	(30,624,180)
July			
August			
September			
October			
November			
December			
Year to date	(12,229,095)	(810,397)	(13,039,492)
Total	(12,229,095)	(810,397)	(30,624,180)

**IC-NLH-22, Attachment 1, Page 240 of 541**  
**2013 RSP Application**

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**AVERAGE RATE ¢ PER KWH**  
**JANUARY 1, 2007 - JUNE 30, 2009**

Attachment 1  
NP-NLH-13  
Page 4 of 4

	A	B	C	D	E
<b>Abitibi-Consolidated</b>	<b>2007-2009 Billing</b>		<b>2007 -2009</b>		<b>Avg Rate</b>
<b>(Grand Falls)</b>	<b>Units</b>	<b>Unit</b>	<b>Rate</b>	<b>\$</b>	<b>(¢/kWh)</b>
Demand (kW/s)	1,072,743	\$/kW/mo	6.68	7,165,925	
Energy (MWh/s)	192,316	mills/kWh	36.76	7,069,537	
Spec. Assigned	3	\$	1,244	3,732	
RSP: Historic Plan	192,316	mills/kWh	-	-	
RSP: Current Plan	192,316	mills/kWh	(7.85)	(1,509,681)	
RSP: Fuel Rider	192,316	mills/kWh	-	-	
Total RSP				<u>(1,509,681)</u>	
Firm plus RSP				12,729,513	
Less: Load Variation Allocation				<u>(3,182,543)</u>	
Total				9,546,969	4.964
<b>Corner Brook Pulp and</b>					
<b>Paper Limited</b>					
Demand (kW/s)	1,579,022	\$/kW/mo	6.68	10,547,867	
Energy (MWh/s)	729,206	mills/kWh	36.76	26,805,596	
Spec. Assigned	3	\$	347,167	1,041,501	
RSP: Historic Plan	729,206	mills/kWh	-	-	
RSP: Current Plan	729,206	mills/kWh	(7.85)	(5,724,264)	
RSP: Fuel Rider	729,206	mills/kWh	-	-	
Total RSP				<u>(5,724,264)</u>	
Firm plus RSP				32,670,701	
Less: Load Variation Allocation				<u>(11,839,389)</u>	
Total				20,831,312	2.857
<b>North Atlantic Refining</b>					
<b>Limited</b>					
Demand (kW/s)	1,110,232	\$/kW/mo	6.68	7,416,350	
Energy (MWh/s)	595,517	mills/kWh	36.76	21,891,198	
Spec. Assigned	3	\$	150,976	452,928	
RSP: Historic Plan	595,517	mills/kWh	-	-	
RSP: Current Plan	595,517	mills/kWh	(7.85)	(4,674,807)	
RSP: Fuel Rider	595,517	mills/kWh	-	-	
Total RSP				<u>(4,674,807)</u>	
Firm plus RSP				25,085,669	
Less: Load Variation Allocation				<u>(12,213,951)</u>	
Total				12,871,718	2.161
<b>Teck Resources Limited</b>					
Demand (kW/s)	332,400	\$/kW/mo	6.68	2,220,432	
Energy (MWh/s)	144,415	mills/kWh	36.76	5,308,711	
Spec. Assigned	3	\$	186,169	558,507	
RSP: Historic Plan	144,415	mills/kWh	-	-	
RSP: Current Plan	144,415	mills/kWh	(20.00)	(2,888,308)	
RSP: Fuel Rider	144,415	mills/kWh	-	-	
Total RSP				<u>(2,888,308)</u>	
Firm plus RSP				5,199,341	
Less: Load Variation Allocation				<u>(3,388,297)</u>	
Total				1,811,044	1.254

1 Q. Please provide on a ¢ per kWh basis, for both Newfoundland Power and IC, a  
2 comparison of the 2007 approved revenue requirement based on Order No. P.U. 8  
3 (2007) with the pro-forma 2007 revenue requirement derived if the 2009 load  
4 forecast was used in setting rates for 2007.

5

6

7 A. As stated in PUB-NLH-22, Hydro is unable to run a complete Cost of Service Study,  
8 as the underlying forecast data is not yet available. The following table provides the  
9 ¢ per kWh revenue requirement for Newfoundland Power and Industrial Customers  
10 based on the 2007 approved revenue requirement based on Order No. P.U. 8  
11 (2007) with the pro-forma 2007 revenue requirement calculated based on the  
12 assumptions set out in PUB-NLH-22.

	Revenue Requirement \$	kWh	¢ / kWh
Based on 2007 approved revenue requirement based on Order No. P.U. 8 (2007)			
Newfoundland Power	319,063,647	4,925,800,000	6.477
Industrial Customers	43,091,686	894,300,000	4.818
Based on pro forma 2007 revenue requirement using 2009 load forecast to set rates in 2007			
Newfoundland Power	268,178,092	4,925,800,000	5.444
Industrial Customers (per PUB-NLH-22)	22,057,762	487,200,000	4.527

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please calculate an Industrial RSP adjustment factor using the fuel rider calculated  
2 based on the fuel forecast used to establish the fuel rider in the RSP rate for  
3 Newfoundland Power and a recovery factor based on the June 30<sup>th</sup> RSP balance in  
4 the Industrial RSP excluding the cumulative portion related to the Industrial RSP  
5 load variation component.

6

7

8 A. Please find attached the calculation for an Industrial RSP Adjustment factor using  
9 the fuel rider calculated based on the fuel forecast used to establish the fuel rider in  
10 the RSP rate for Newfoundland Power and a recovery factor based on the June 30<sup>th</sup>  
11 RSP balance in the Industrial RSP excluding the cumulative portion related to the  
12 Industrial RSP load variation component.

**IC-NLH-22, Attachment 1, Page 243 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
 Industrial Customers

**NP-NLH-15**  
**Page 3 of 3**

June, 2009

**Line**

<b>No</b>	<b>Customer Allocation</b>	<b>Amount</b>	<b>Comments</b>
1	March Fuel Price Projection	\$ 75.95	NP Fuel Price Projection
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 20.55	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	1,878,188	Line 27
5	Forecast Fuel Variance	\$ 38,596,763	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for June	8.55%	From Line 9
7	Industrial Customer Allocation June	\$ 3,300,023	Line 5 x Line 6

	<b>kWh</b>	<b>Percent of Total</b>	<b>Allocation of Rural</b>	<b>Total</b>
8 12 months to date (Jul 2008 - Jun 2009) Utility Sales	4,973,908,918	84.49%	6.20%	90.69%
9 12 months to date (Jul 2008 - Jun 2009) Industrial Customer Sales	562,003,055	8.55%	0.00%	8.55%
10 Less: Forecast reduction in AB GF load for 2009 <sup>(1)</sup>	(58,404,800)			
11 Revised 12 months to date (Jul 2008 - Jun 2009) Industrial Customer Sales	503,598,255			
12 12 months to date (Jul 2008 - Jun 2009) Bulk Rural Energy	409,782,881	6.96%	-6.96%	0.00%
13 Total	5,887,290,054			

	<b>Amount</b>	<b>Comments</b>
<b>Estimate of Industrial Fuel Price Projection Rider</b>		
<u>Rate Rider</u>		
14 Industrial Allocation September	\$ 3,300,023	From Line 7
15 12 months to date Industrial Sales (kWh)	503,598,255	From Line 11
16 Estimated Fuel Price Projection Rider (mills per kWh) <sup>(2)</sup>	6.55	Line 14/Line 15

<sup>(1)</sup> Effective February 12, 2009, AB GF closed. This has resulted in a forecast reduction of 58,404,800 kWh in AB GF load for 2009.

<sup>(2)</sup> The Industrial allocation of \$3,300,023 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2009.

<b>2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) and Abitibi Consolidated (Grand Falls) Load</b>			
17	2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,467,396
	Less: Reduction in Test Year Barrels of No. 6		
18	Fuel approved in Board Order No. P.U. 11		
	(2008) to reflect reduction in CBPP load.		(323,336)
19	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,144,060
	Less: Reduction in Abitibi Consolidated		
20	(Grand Falls) Test Year load <sup>2</sup> .	131,400,000	
	Less: Reduction in Abitibi Consolidated		
21	(Grand Falls) Test Year compensation <sup>2</sup> .	31,000,000	
22	Subtotal: Load plus Compensation Reduction	162,400,000	
	2007 Test Year Transmission Loss		
23	Percentage	3.14%	
24	Abitibi GF reduced kWh	167,499,360	
25	Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630	
26	Barrels Displaced at Holyrood due to CBPP load reduction	265,872	(265,872)
27	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		1,878,188

<sup>1</sup> Actual Industrial Customer sales have been adjusted to reflect a forecast reduction in Abitibi Consolidated (Grand Falls) load.

<sup>2</sup> Effective February 12, 2009, Abitibi Consolidated (Grand Falls) closed. Industrial load has been reduced by 131,400,000 kWhs based on Abitibi Consolidated (Grand Falls) 2007 Test Year load and 31,000,000 kWhs based on 2007 Test Year Compensation.

**RSP Components to be charged to Industrial Customers**

---

1 Q. Provide the customer rate impact for each industrial customer of implementing  
2 final industrial customer rates based on the RSP factor derived in NP-NLH-15  
3 combined with the existing industrial customer base rates that resulted from the  
4 Order No. P.U. 8 (2007).

5

6

7 A. All Industrial Customers, with the exception of Teck Resources Limited, will  
8 experience a rate increase of 74 percent if the final industrial rate based on the RSP  
9 factor derived in NP-NLH-15 is implemented. Teck Resources Limited would  
10 experience a 153 percent increase.

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide the RSP Activity Report as of June 30, 2009.

2

3

4 A. Please refer to IC-NLH-4 Attachment 3 for the above RSP Activity Report.

**RSP Components to be charged to Industrial Customers**

1 Q. Please provide a ¢ per kWh breakdown of the current Industrial RSP charge (i.e.,  
2 fuel rider, current plan component and historical plan component).

3

4

5 A. The current Industrial RSP charge broken down by the fuel rider, current plan and  
6 historical component is as follows:

Historical Plan	0.000 ¢ per kWh
Current Plan	(0.785) ¢ per kWh *
Fuel Rider	0.000 ¢ per kWh
<b>Total RSP Adjustment</b>	<b>(0.785) ¢ per kWh</b>

\* Teck Resources Limited RSP Adjustment (2.000) ¢ per kWh.

**RSP Components to be charged to Industrial Customers**

---

- 1 Q. Provide copies of all written correspondence between Hydro and any, or all, of the  
2 Board, the Industrial Customers, the Consumer Advocate or Newfoundland Power  
3 related to the setting of Industrial Customer rates (either on an interim or final  
4 basis) between the release of Order No. P.U. 8 (2007) and the filing of this  
5 Application.  
6  
7  
8 A. Please see attached.



"Joe Hutchings "  
<jhutchings@pa-law.ca>  
10/15/2007 12:55 PM

To "Geoff Young \ (E-mail\)" <gyoung@nlh.nf.ca>  
cc "Paul Coxworthy" <pcoxworthy@smss.com>  
bcc

Subject RSP Estimate

History: This message has been forwarded.

Geoff,

Passed on your information relative to the delay in the RSP estimate . Some of our people have budget deadlines by Friday of this week, so it would be greatly appreciated if we can have the final by Thursday at the latest.

Thanks.

Joe.

Joseph S. Hutchings, Q.C.  
Poole Althouse  
Western Trust Building  
49-51 Park Street  
P.O. Box 812  
Corner Brook NL  
A2H 6H7

Direct: 709 637 6425  
Fax: 709 634 8247



"Joe Hutchings "  
<jhutchings@pa-law.ca>  
10/18/2007 11:42 AM

To: "'Geoff Young \\\(E-mail\\)'<gyoung@nlh.nf.ca>  
cc  
bcc

Subject: FW: IC RSP Fuel Price Projection Oct. 2007 - Delay

History:

This message has been replied to.

Geoff,

Do I conclude that we won't have anything further this week?

Joe.

**From:** JChisamore@nlh.nl.ca [mailto:JChisamore@nlh.nl.ca]

**Sent:** Thursday, October 18, 2007 11:33 AM

**To:** palteen@newfoundlandpower.com; ghayes@newfoundlandpower.com;  
bmeyers@newfoundlandpower.com; mpearce@newfoundlandpower.com; tjohnson@odeaearle.nf.ca;  
jim\_gartshore@abicon.com; kgoulding@cb.kruger.com; pcorriveau@cb.kruger.com;  
glennmifflin@na-petroleum.nf.ca; gordon\_oldford@abitibiconsolidated.com;  
Wilmore\_Eddy@abitibiconsolidated.com; Joe Hutchings; pcoxworthy@smss.com

**Cc:** cblundon@pub.nf.ca; ito@pub.nf.ca

**Subject:** IC RSP Fuel Price Projection Oct. 2007 - Delay

Attached is an electronic copy of a letter from Hydro to the Public Utilities Board advising of a delay in filing the forecast fuel price change and the estimated fuel rider that will apply to Industrial Customers.

Jill Chisamore  
Administrative Assistant  
Rates Dept. & Investment Evaluation Dept.  
Newfoundland and Labrador Hydro  
Ph: 709-737-1284  
Fax: 709-570-5927



Email: JChisamore@nlh.nl.ca Letter to PUB IC RSP Delay Oct 18-07.pdf



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

October 18, 2007

**BY FAX AND MAIL**

Board of Commissioners  
of Public Utilities  
P.O. Box 21040  
St. John's, NL, A1A 5B2

**Attention: Cheryl Blundon – Director of Corporate Services  
and Board Secretary**

Dear Ms. Blundon:

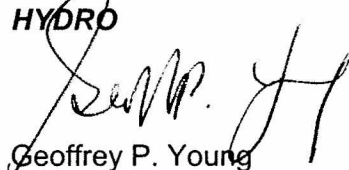
**Re: Rate Stabilization Plan Fuel Price Projection – Industrial Customers**

Order No. P.U. 14 (2007) provides that by the 10<sup>th</sup> working day of October, Hydro is to provide to the Board, to its Industrial Customers, and to Newfoundland Power an estimate of the Industrial Customer fuel rider that will become effective on January 1 of the coming year. Unfortunately, this information is not available to be provided at this time. We anticipate that this fuel price projection will be available in the near future, very likely before the end of next week.

We sincerely hope that this delay does not cause the Board or any of Hydro's customers undue inconvenience.

Yours truly,

**NEWFOUNDLAND AND LABRADOR  
HYDRO**

  
Geoffrey P. Young  
Senior Legal Counsel

e.c.c. Mr. Peter Alteen - Newfoundland Power  
Mr. Bob Meyers - Newfoundland Power  
Mr. Gerard Hayes - Newfoundland Power  
Mr. Gordon Oldford - Abitibi-Consolidated Inc., Grand Falls  
Mr. Jim Gartshore - Abitibi-Consolidated Inc., Montreal  
Mr. Patrick Corriveau - Corner Brook Pulp & Paper Co. Ltd.  
Mr. Kevin Goulding - Deer Lake Power  
Mr. Glenn Mifflin - North Atlantic Refining Ltd.  
Mine Manager - Aur Resources Inc.  
Mr. Thomas Johnson – Consumer Advocate  
Mr. Joseph Hutchings, Q.C. - Poole Althouse  
Mr. Paul Coxworthy - Stewart McKelvey Stirling Scales



File No. .

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400, A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

December 20, 2007

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. Cheryl Blundon**  
**Director Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Application by Newfoundland and Labrador Hydro for Interim Rates for Industrial Customers**

Enclosed herewith are ten (10) copies of an Application for Interim rates for Industrial Customers, as set out in Schedule A, to be implemented as of January 1, 2008.

Yours truly,

---

Peter A. Hickman  
Assistant Corporate Secretary and  
Senior Legal Counsel

PAH/jc

e.c.c. Mr. Peter Alteen - Newfoundland Power  
Mr. Bob Meyers - Newfoundland Power  
Mr. Gerard Hayes - Newfoundland Power  
Mr. Gordon Oldford - Abitibi-Consolidated Inc., Grand Falls  
Mr. Jim Gartshore - Abitibi-Consolidated Inc., Montreal  
Mr. Patrick Corriveau - Corner Brook Pulp & Paper Co. Ltd.  
Mr. Kevin Goulding - Deer Lake Power  
Mr. Glenn Mifflin - North Atlantic Refining Ltd.  
Mr. Bob Kelly - Aur Resources Inc.  
Mr. Thomas Johnson - Consumer Advocate  
Mr. Joseph Hutchings, Q.C. - Poole Althouse  
Mr. Paul Coxworthy - Stewart McKelvey Stirling Scales

**IN THE MATTER OF** the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the "Act"); and

**IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for an Interim Order, pursuant to Section 75 of the Act, affecting the Rate Stabilization Plan component of the rates to be charged to Industrial Customers.

**TO:** The Board of Commissioners of Public Utilities (the "Board")

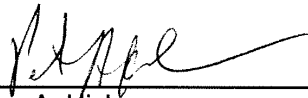
**THE APPLICATION** of Newfoundland and Labrador Hydro (Hydro) states that:

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. By Order No. P.U. 40 (2003) the Board approved the manner by which the Rate Stabilization Plan (RSP) is calculated and by which RSP adjustments are applied to the rates charged by Hydro to its Island Interconnected Industrial Customers. Under that Order, Hydro is required to provide an Industrial Customer fuel price projection to the Board and to certain of Hydro's customers by the tenth working day of October of each year.
3. Due initially to a projected increase in the RSP rate and subsequently to a significant load change of one of Hydro's Industrial Customers, Hydro determined that there was potential volatility in its Industrial Customers' rates both for 2008 and in future years. The impact of these changes was deemed to be significant and it was judged to be prudent to further analyze and consider their impact, in conjunction with also determining the final level of year end hydraulic balances, prior to making application to the Board with respect to an appropriate treatment of this issue.

4. Hydro wishes to have further opportunity to consider the appropriate means to address Industrial Customers' rates issues.
5. The Applicant makes Application that the Board approve and make an Interim Order that the rates currently in effect for Industrial Customers, which were approved in Order No. P. U. 8(2007) and which are set out in Schedule A , continue in effect on an interim basis until such time as the Board issues a final order with respect to Industrial Customers' rates for 2008.

**DATED AT** St. John's in the Province of Newfoundland and Labrador this 20<sup>th</sup> day of December 2007.

**NEWFOUNDLAND AND LABRADOR HYDRO**



---

Peter A. Hickman  
Counsel for  
Newfoundland and Labrador Hydro  
P.O. Box 12400 Columbus Drive  
St. John's, Newfoundland and Labrador  
A1B 4K7  
Telephone: (709) 737-1462  
Facsimile: (709) 737-1782

Schedule A  
Effective: January 1, 2008  
Page 1 of 4

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL - FIRM**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Rate:**

**Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$6.68 per month per kilowatt of billing demand.

**Firm Energy Charge:**

Base Rate\* ..... @ 3.676 ¢ per kWh

RSP Adjustment

Historic Plan .....@ 1.215 ¢ per kWh\*\*

Current Plan ..... @ (2.000) ¢ per kWh

Fuel Rider .....@ 0.000 ¢ per kWh

Total RSP Adjustment.....@ (0.785) ¢ per kWh

Energy Rate.....@ 2.891 ¢ per kWh

\*\*Aur Resources Inc. Energy rate excluding Historic Plan .....@ 1.676 ¢ per kWh

**\*Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

\*\* Aur Resources Inc. is not subject to Historic Plan component of the RSP Adjustment, in accordance with Order No. P.U. 1 (2007).

**Specifically Assigned Charges:**

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	<b>Annual Amount</b>
Abitibi-Consolidated (Grand Falls)	\$ 1,244
Abitibi-Consolidated (Stephenville)	\$ 104,647
Corner Brook Pulp and Paper Limited	\$ 347,167
North Atlantic Refining Limited	\$ 150,976
Aur Resources Inc.	\$ 186,169

Schedule A  
Effective: January 1, 2008  
Page 2 of 4

**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL - FIRM (continued)**

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Schedule A  
Effective: January 1, 2008  
Page 3 of 4

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL - NON-FIRM**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Rate:**

**Non-Firm Energy Charge (¢ per kWh):**

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2005 (2.68%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 630 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Schedule A  
Effective: January 1, 2008  
Page 4 of 4

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL - WHEELING**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

**Rate:**

**Energy Charge:**

All kWh (Net of losses)\* ..... @ 0.384 ¢ per kWh

\* For the purpose of this Rate, losses shall be 2.68%, the average system losses on the Island Interconnected Grid for the last five years ending in 2005.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.  
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**IN THE MATTER OF** the *Public  
Utilities Act*, (R.S.N. 1990,  
Chapter P-47 (the Act); and

**IN THE MATTER OF** an Application (the "Application")  
by Newfoundland and Labrador Hydro for an Interim  
Order, pursuant to Section 75 of the Act, affecting the  
Rate Stabilization Plan component of the rates  
to be charged to Industrial Customers.

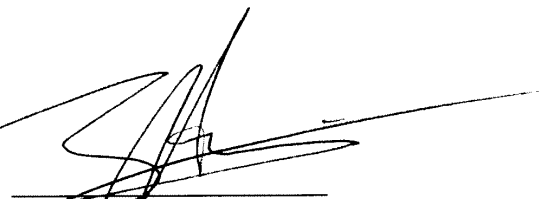
**AFFIDAVIT**

I, James R. Haynes of St. John's in the Province of Newfoundland and Labrador, make  
oath and say as follows:

1. I am Vice-President, Regulated Operations, of Newfoundland and Labrador  
Hydro, the Applicant named in the attached Application.
2. To the best of my knowledge, information and belief, all matters, facts and things  
set out in the attached Application are true.

**SWORN** at St. John's in the )  
Province of Newfoundland )  
this 20<sup>th</sup> day of December 2007, )  
before me: )

  
\_\_\_\_\_  
Barrister – Newfoundland and Labrador

  
\_\_\_\_\_  
James R. Haynes

**(DRAFT INTERIM ORDER)**  
**NEWFOUNDLAND AND LABRADOR**  
**AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

NO. P.U. \_\_ (2007)

**IN THE MATTER OF** the *Public Utilities Act*, (the "Act"); and

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for an Interim Order, pursuant to Section 75 of the Act, affecting the Rate Stabilization Plan ("RSP") components of the rates to be charged to Industrial Customers.

**WHEREAS** Newfoundland and Labrador Hydro (Hydro), a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act* and is also subject to the provisions of the *Electrical Power Control Act, 1994*; and

**WHEREAS** Hydro has analyzed the relevant information available to the present date and has determined that the projected rate changes for its Industrial Customers will result in considerable rate volatility, due primarily to the impacts of changes in Industrial Customer load on the Industrial Customer component of the RSP; and

**WHEREAS** Hydro requires further opportunity to consider the appropriate means to address Industrial Customers' rates issues; and

**WHEREAS** section 75 of the Act provides that the Board may make an interim Order unilaterally and without public hearing or notice, approving with or without modification a schedule of rates, tolls and charges submitted by a public utility upon the terms and conditions that it may decide; and

**WHEREAS** if, after a full review of Hydro's Application for a final Order affecting the RSP components of the rates to be charged to Industrial Customers, it is determined that excess revenue has been earned by Hydro as a result of the interim Order the Board may order, pursuant to section 75(3) of the Act, that customers of Hydro receive a refund or that the excess revenue be placed in a reserve account for that purpose; and

**WHEREAS** the Board is satisfied that granting approval, on an interim basis, of certain RSP rates is appropriate and reasonable in the circumstances.

**IT IS THEREFORE ORDERED THAT:**

Pursuant to Section 75 of the Act, the Board approves, on an interim basis, the Industrial Customer rates as outlined on Schedule A, to be effective for consumption on and after January 1, 2008, until such time as the Board issues a final order with respect to Industrial Customers' rates for 2008.

DATED at St. John's, Newfoundland and Labrador this \_\_\_\_ day of December 2007.

\_\_\_\_\_  
Robert Noseworthy  
Chair & Chief Executive Officer

\_\_\_\_\_  
Darlene Whalen, P. Eng.  
Vice-Chair

\_\_\_\_\_  
G. Cheryl Blundon  
Board Secretary

**Schedule “A”**

**Order No. P. U. \_\_ (2007)**

Angela Dunphy /NLHydro

04/21/2008 02:52 PM

To gary.burgess@teckcominco.com

cc bob.kelly@teckcominco.com, Glenn  
Mitchell/NLHydro@NLHydro

bcc

Subject Duck Pond Electricity rate

Gary:

This is further to our recent conversation concerning electricity rates .

When Aur Resources initially became an Industrial Customer of Newfoundland and Labrador Hydro, in January 2006, Hydro applied for a special Rate Stabilization Plan (RSP) rate to be applied to Aur. The RSP had three primary components:

1. Current Plan adjustment rate, intended to collect or refund an annual accumulation in the RSP for fuel and load variances;
2. A fuel rider adjustment rate, intended to collect or refund the difference between the fuel price included in the last year (test year) base rates were set and the forecast fuel price at the end of September; and
3. Historic Plan adjustment rate, which collected, until December 31, 2007 RSP amounts incurred before December 2003.

Hydro's 2006 application requested that the RSP rate charged to Aur Resources Inc be exclusive of the Historic Plan component of the RSP. The Public Utility Board approved that rate, albeit not until January 2007, at which time Hydro refunded the amounts contributed to the Historical Plan by Aur.

Effective January 1, 2007, Industrial Customer energy rates were charged as follows:

	Other Industrial Customers	Aur Resources
	(cents/kWh)	
Base Rate	3.676	3.676
RSP Historic Plan	1.215	0.000
Current Plan	<u>(2.000)</u>	<u>(2.000)</u>
Total Energy Rate	<u>2.891</u>	<u>1.676</u>

Effective January 1, 2008, Industrial Rates were frozen as shown above, and the Historical Plan Balance was closed. As a result, Duck Pond has a lower rate than the other Industrial Customers, even though all the Industrial Customers are being refunded from the same current plan balance.

Hydro will soon have to apply to have your energy rate equal that of the other Industrial Customers, to avoid continuing the above discrepancy. As we discussed, it will be helpful if you, Bob and I can have a conversation to answer any questions you may have on this, at your earliest convenience.

Angela

Angela Dunphy  
Team Lead, Rates and Regulatory Affairs  
Newfoundland and Labrador Hydro  
Tel (709) 737-1738  
Fax (709) 570-5927

NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES****HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2008 08 13

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**Re: Application to Finalize Interim Rates for Industrial Customers and  
Application to Change Depreciation Methodology**

In relation to the above-mentioned issues, it is the understanding of the Board that Hydro staff is in the process of completing these applications for the Board's review and approval. We have reviewed the Board's regulatory schedule for the remainder of the calendar year. In order to have these matters concluded in a timely fashion, we ask that the applications be forwarded to the Board by September 6, 2008. Should this deadline present a problem, please contact the undersigned.

Yours truly,

A handwritten signature in cursive script that reads "Jacqueline Glynn".

Jacqueline Glynn  
Legal Counsel

e.c.c: Mr. Gerard Hayes, E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, E-mail: [tjohnson@odeacarle.nf.ca](mailto:tjohnson@odeacarle.nf.ca)  
Mr. Joseph Hutchings, Q.C., E-mail: [jhutchings@pa-law.com](mailto:jhutchings@pa-law.com)  
Mr. Paul Coxworthy, E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

O:\files\Hydro\2008 applications\Application Dates-Aug 13.doc



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

September 5, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL  
A1A 5B2

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Application to Change Depreciation Methodology and Application to Finalize Interim Rates for Industrial Customers**

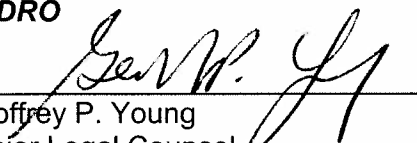
This is further to your letter of August 13, 2008 concerning filing an application regarding finalizing interim rates for Industrial Customers and an application to change Newfoundland and Labrador Hydro's (Hydro) depreciation methodology.

As we advised in our letter to the Board dated January 14, 2008, the 2005 Depreciation Study is being reviewed and updated. That review has not yet been completed. Furthermore, due to the significant impacts on revenue requirement that could result from a major change in depreciation policy, Hydro will require some further period of time to assess the financial and rate implications. Hydro will advise the Board as more information on timing of an application is determined.

Regarding the matter of finalizing the Interim Rates for Industrial Customers, Hydro is not yet able to file this Application, however we anticipate that we will be in a position to do so over the next short while.

Yours truly,

**NEWFOUNDLAND AND LABRADOR  
HYDRO**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

## 2019 RSP Application

NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2008 09 11

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**Re: Application to Finalize Interim Rates for Industrial Customers**

In relation to the above mentioned issue, we are in receipt of your correspondence dated September 4, 2008 in which you advise that Hydro anticipates being in a position to file an application relating to the interim rates in the next short while. We note that this issue has been outstanding since January 2008 and believe that sufficient time to make an application has been provided. In order to fit within the Board's regulatory schedule for the remainder of the calendar year, the application should be in our office by September 22, 2008.

Yours truly,

A handwritten signature in cursive script that reads "Jacqueline Glynn".  
Jacqueline Glynn  
Legal Counsel

cc: Mr. Gerard Hayes, E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, E-mail: [tjohnson@odeaearle@nf.ca](mailto:tjohnson@odeaearle@nf.ca)  
Mr. Joseph Hutchings, Q.C., E-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)  
Mr. Paul Coxworthy, E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

R:\Hydro\App- INTERIM RATES INDUSTRIAL CUSTOMERS  
\Application for finalization of rates - Sept 11.doc



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

**BY HAND**

September 17, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. Jacqueline Glynn, Legal Counsel**

Re: Application to Finalize Interim Rates for Industrial Customers

Dear Ms. Glynn:

Further to your letter of September 11, 2008, we regret that we will be unable to file an application by September 22, 2008 to finalize interim rates for the Island Industrial customers. Please be advised that this filing is under active consideration at Hydro and we remain hopeful that it can be filed in the near future.

Yours truly,

**NEWFOUNDLAND AND  
LABRADOR HYDRO**

Geoffrey P. Young  
Senior Legal Counsel

cc. Mr. Gerard Hayes, Newfoundland Power  
Mr. Thomas Johnson, Consumer Advocate  
Mr. Joseph Hutchings, Q.C., Poole Althouse  
Mr. Paul Coxworthy, Stewart McKelvey



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2008 10 17

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**Re: Application to Finalize Interim Rates for Industrial Customers**

In relation to the above mentioned issue, and your correspondence dated September 17, 2008 in which you advise that Hydro anticipates being in a position to file an application relating to the interim rates in the near future, please provide a status report.

Yours truly,

*Original signed by*

Jacqueline Glynn  
Legal Counsel

cc: Mr. Gerard Hayes, E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, E-mail: [tjohnson@odeaearle@nf.ca](mailto:tjohnson@odeaearle@nf.ca)  
Mr. Joseph Hutchings, Q.C., E-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)  
Mr. Paul Coxworthy, E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

R:\Hydro\App- INTERIM RATES INDUSTRIAL CUSTOMERS  
\Application for finalization of rates - Oct 17.doc

## 2013 RSP Application



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Phone No: (709) 726-8600  
Toll Free: (866) 782-0006  
Fax No: (709) 726-9604  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**PETROLEUM PRICING OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Phone No: (709) 489-8877  
Toll Free: (866) 489-8800  
Fax No: (866) 489-8879  
Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

2008 10 17

Mr. Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL  
A1B 4K7

Dear Mr. Young:

**Re: Fuel Price Change Projections for RSP**

Pursuant to Order No. P. U. 40(2003) and the terms of the Rate Stabilization Plan, the amount of the forecast fuel price change should be reported to industrial customers, Newfoundland Power and the Board by the tenth working day of October. Please advise when we may expect receipt of the same.

Yours truly,

*Original signed by*

Jacqueline Glynn  
Legal Counsel

cc: Mr. Gerard Hayes, E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, E-mail: [tjohnson@odeaearle@nf.ca](mailto:tjohnson@odeaearle@nf.ca)  
Mr. Joseph Hutchings, Q.C., E-mail: [jhutchings@pa-law.ca](mailto:jhutchings@pa-law.ca)  
Mr. Paul Coxworthy, E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

R:\Hydro\RSP Fuel Price Projection\2008 filing\Fuel Price Change Projections.doc



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

**BY HAND**

October 30, 2008

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. Jacqueline Glynn, Legal Counsel**

Re: Application to Finalize Interim Rates for Industrial Customers

Dear Ms. Glynn:

Further to your letter of October 17, 2008, we regret that at present we are still unable to file an application to finalize interim rates for the Island Industrial customers. We remain hopeful that it can be filed in the near future and will provide you with information in that regard as soon as it becomes available.

Yours truly,

**NEWFOUNDLAND AND  
LABRADOR HYDRO**

A handwritten signature in black ink, appearing to read 'G. P. Young', is written over a horizontal line.

Geoffrey P. Young  
Senior Legal Counsel

cc. Mr. Gerard Hayes, Newfoundland Power  
Mr. Thomas Johnson, Consumer Advocate  
Mr. Joseph Hutchings, Q.C., Poole Althouse  
Mr. Paul Coxworthy, Stewart McKelvey



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

December 11, 2008

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. Cheryl Blundon**  
**Director Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Application for Continuation of Interim Rates for Industrial Customers**

The Board, in Order No. P.U. 34 (2007), approved on an interim basis that the rates charged to Industrial Customers on January 1, 2008 would not change from 2007 rates until further Order of the Board. Hydro sought this interim order to allow it to perform further analysis and consideration of the impact of the operation of the Rate Stabilization Plan (RSP) in the context of the significant load change of one of its Industrial Customers (Corner Brook Pulp and Paper), the critical level of the 2007 year end hydraulic balances, and projected fuel prices.

Hydro had completed this analysis. However, in light of the recent announcement of the closure of Abitibi Consolidated (Grand Falls) and recent fuel price projections, Hydro has determined that there is further potential volatility in its Industrial Customers' rates both for 2009 and in future years. The impact of these changes is considered to be significant and it is prudent to further analyze and consider their impact, in conjunction with also determining the final level of year end hydraulic balances, prior to making application to the Board with respect to an appropriate treatment of this issue.

Hydro recommends that the Board approve the continuation of the January 1, 2008 interim rates for Industrial Customers since this limits the rate volatility and a potential increase to industrial rates on January 1, 2009.

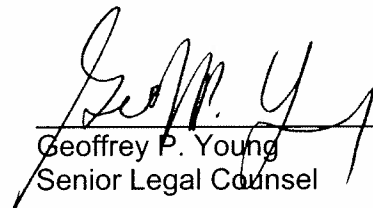


Hydro also recommends an adjustment of Teck Cominco Limited (formerly Aur Resources Inc.) rates as a result of the termination of the Industrial Customer Historical Plan Balance of the RSP at December 31, 2007. As per Section E of Hydro's RSP, in 2008 the Industrial Customer Historical Plan Balance has been set to zero and the remaining Industrial Customer balance of \$(1,382,925) was included in the 2008 Plan. In accordance with Order No. P.U. 1 (2007), Teck Cominco Limited is not subject to the Historic Plan component of the RSP Adjustment. As the Historic Plan component is no longer part of the RSP Adjustment due to the completion of its five-year collection period, Hydro is proposing that Teck Cominco Limited be charged the same RSP rate as all other Island Industrial Customers which will result in an estimated increase of 38% for this customer.

Enclosed herewith is an original, plus eight copies of the Application. Please note that, for ease of reference, proposed deletions to the RSP rules (Schedule B) are presented as strikethrough text. Should you have any questions, please contact the undersigned.

Yours truly,

**Newfoundland and Labrador Hydro**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

cc: Mr. Peter Alteen - Newfoundland Power  
Mr. Keith Aylward – Newfoundland Power  
Mr. Gerard Hayes – Newfoundland Power  
Mr. Brad Pelley – Abitibi-Consolidated Inc., Grand Falls  
Mr. Patrick Corriveau – Corner Brook Pulp & Paper Co. Ltd.  
Mr. Jim Gartshore – Abitibi-Consolidated Inc., Montreal  
Mr. Kevin Goulding – Deer Lake Power Ltd.  
Mr. Glenn Mifflin – North Atlantic Refining Ltd.  
Mr. Thomas Johnson – Consumer Advocate  
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.)  
Mr. Joseph S. Hutchings, Q.C., Poole Althouse  
Mr. Paul Coxworthy – Stewart McKelvey Sterling Scales

**IN THE MATTER OF** the *Public Utilities Act*, (the Act); and

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Section 71 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

**TO:** The Board of Commissioners of Public Utilities (the Board)

**THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro)**  
**STATES THAT:**

1. Hydro is a corporation continued and existing under the Hydro Corporation Act, is a public utility within the meaning of the Act and is subject to the provisions of the Electrical Power Control Act, 1994.

**Island Interconnected Industrial Customer Rates**

2. Due to a projected increase in the RSP rate and subsequently to a significant load change for Corner Brook Pulp and Paper, one of Hydro's Industrial Customers, in late 2007 Hydro determined that there was potential volatility in its Industrial Customers' rates for 2008 and future years. The impact of these changes was significant and it was prudent to further analyze and consider their impact, in conjunction with also determining the final level of year end hydraulic balances, prior to making application to the Board with respect to an appropriate treatment of this issue.

3. On December 20, 2007, Hydro made an Application to the Board to approve and make an Interim Order that the rates then in effect for Industrial Customers, which were approved in Order No. P. U. 8 (2007), continue in effect on an interim basis.
4. Order No. P.U. 34 (2007) approved, on an interim basis, the Industrial Customer rates to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Industrial Customers' rates for 2008.
5. On December 4, 2008, Abitibi Bowater Inc. announced the closure of its Grand Falls paper mill during the first quarter of 2009. This will cause a significant change in Hydro's Island Industrial customer load. Also, the past few months has seen a precipitous reduction in fuel prices. In light of this information, Hydro has determined it to be necessary to further analyze the impact that these factors will have on the RSP. In order to allow for further analysis, Hydro is proposing the interim rates continue until further Order of the Board.

**Teck Cominco Limited (previously AUR Resources Inc.)**

6. By Order No. P.U. 40 (2003) the Board approved changes to the RSP with regards to the special treatment and recovery of "Historical Plan Balances" that had accumulated in the RSP as being owed to Hydro by

its customers for energy consumed during periods ending December 31, 2003.

7. Pursuant to the RSP, the Historical Plan Balance annual recovery portion is converted to a mill rate, is added to the other components of the RSP (i.e. the current amount and fuel rider), and is charged to customers as a component of their energy rate.
8. On January 18, 2006 Hydro applied to the Board for approval of the provision of electrical service by Hydro to Aur Resources Inc. at the rates that applied to the provision of electrical service by Hydro to its other Island Industrial Customers, and that the rates to be charged by the Applicant to Aur Resources Inc. for the electrical energy it consumes be exclusive of the Island Industrial Historical Plan Balance component of the RSP.
9. On October 31, 2006 Hydro filed an agreement between Hydro, Aur Resources Inc., several other Industrial Customers and the Consumer Advocate setting out a consensus that the rates and rules and regulations for Aur Resources Inc., should be approved as proposed in the Application and that any amounts calculated by Hydro pursuant to the interim rates approved by the Board under Order No. P.U. 1 (2006)

that are in excess of the final rates approved by the Board should be refunded or credited to Aur Resources Inc.

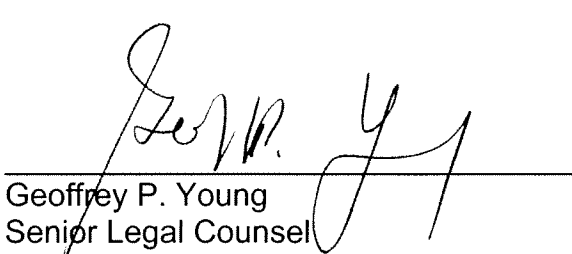
10. The Board in Order No. P.U. 1 (2007) ordered that the rates, rules and regulations for Aur Resources Inc. should be similar to those of other Island Industrial Customers of Hydro except that, among other things, rates should exclude the Historical Plan Balance of the RSP.
11. On December 31, 2007 the five-year collection period to recover the Historical Plan Balance ended as per Section E of Hydro's RSP. In 2008, the Historical Plan Balance was therefore set to zero and the remaining Industrial Customer balance of \$(1,382,925) was included in the 2008 Plan.
12. In 2007, Teck Cominco Limited acquired all the shares of Aur Resources Inc. and is now the operator of the Duck Pond Mine. The name Aur Resources Inc. was therefore changed to Teck Cominco Limited.
13. As the Historical Plan Balance is no longer a component of the RSP Adjustment due to the completion of its five-year collection period, Hydro is proposing that Teck Cominco Limited be charged the same RSP rate as all other Island Industrial Customers.

**The Application**

14. Hydro makes Application that the Board make an Order approving:

- (a) a continuation of the interim rates currently in effect for Industrial Customers which were approved on an interim basis in Order No. P.U. 34 (2007) and which are set out in Schedule A; and
- (b) that the rates for Teck Cominco Limited be the same as are in effect for all other Island Industrial customers; and
- (c) a revision to the rules and regulations for the RSP to address the completion of the five-year collection period of the Historical Plan Balance.

**DATED AT** St. John's in the Province of Newfoundland and Labrador this 11<sup>th</sup> day of December 2008.

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro,  
500 Columbus Drive, P.O. Box 12400  
St. John's, Newfoundland, A1B 4K7

**IN THE MATTER OF** the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the Act)); *and*

**IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Section 71 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

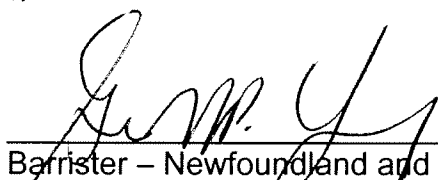
**TO:** The Board of Commissioners of Public Utilities (the Board)

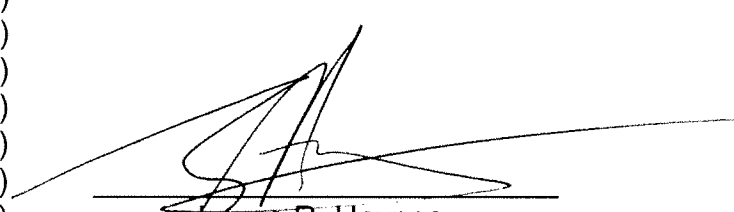
## **AFFIDAVIT**

I, James R. Haynes, Professional Engineer of St. John's, in the Province of Newfoundland and Labrador, make oath and swear as follows:

1. THAT I am employed by Newfoundland and Labrador Hydro, the Applicant herein, in the capacity of Vice-President, Regulated Operations, and as such I have knowledge of the matters and things to which I have herein deposed, and make this affidavit in support of the Application.
2. THAT I have read the contents of the Application and they are correct and true to the best of my knowledge, information and belief.

SWORN TO BEFORE ME in the  
City of St. John's, in the Province  
of Newfoundland and Labrador, this  
11th day of December, 2008.

  
\_\_\_\_\_  
Barrister – Newfoundland and Labrador

  
\_\_\_\_\_  
James R. Haynes

**(DRAFT ORDER)**  
**NEWFOUNDLAND AND LABRADOR**  
**AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

NO. P.U. \_\_ (2008)

**IN THE MATTER OF** the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the *Act*), and

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro (Hydro) for the approval, pursuant to Section 70 (1) of the *Act*, of the Rate Stabilization Plan components of the rates to be charged to Island Industrial Customers.

**WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act* and is also subject to the provisions of the *Electrical Power Control Act, 1994*; and

**WHEREAS** Order No. P. U. 40 (2003) sets out the manner by which the Rate Stabilization Plan (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers; and

**WHEREAS** on December 20, 2007, Hydro made an Application to the Board to approve and make an Interim Order that the rates currently in effect for Island Industrial Customers, which were approved in Order No. P. U. 8 (2007) and which are set out in Schedule A, continue in effect on an interim basis until such time as the Board issues a final order with respect to Island Industrial Customers' rates for 2008; and

**WHEREAS** Order No. P.U. 34 (2007) approved, on an interim basis, the Island Industrial Customer rates as attached in Schedule A, to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Island Industrial Customers' rates for 2008; and

**WHEREAS** Hydro has applied for approval of the continuation of Industrial Customer interim rates, approved, on an interim basis, in Order No. P.U. 34 (2007); and

**WHEREAS** Order No. P.U. 40 (2003) approved changes to the RSP with regards to the special treatment and recovery of "Historical Plan Balances" that had accumulated in the RSP as being owed to Hydro by its customers for energy consumed during periods ending December 31, 2003; and

**WHEREAS** On January 18, 2006 Hydro applied to the Board for approval of the provision of electrical service by Hydro to Aur Resources Inc. at the rates that apply to the provision of electrical service by Hydro to its other Island Industrial Customers and that the rates to be charged by the Applicant to Aur Resources Inc. for the electrical energy it consumes be exclusive of the Island Industrial Historical Plan Balance component of the RSP; and

**WHEREAS** Order No. P.U. 1 (2007) ordered that the rates, rules and regulations for Aur Resources Inc. should be similar to those of other Island Industrial Customers of Hydro except that, among other things, rates should exclude the Historical Plan Balance of the RSP; and

**WHEREAS** On December 31, 2007 the five-year collection period to recover the Historical Plan Balance ended as per Section E of Hydro's RSP, and thereby, in 2008 the Historical Plan Balance was set to zero and any remaining balance was included in the 2008 Plan; and

**WHEREAS** Hydro has applied for the RSP rate for Teck Cominco Limited (formerly Aur Resources Inc.) to be the same as is in effect for all other Island Industrial Customers; and

**WHEREAS** Hydro has applied for a revision to the RSP rules and regulations to remove reference to the Historical Plan Balance as set out in Schedule B of the application; and

**WHEREAS** the Board has considered Hydro's application and the information and calculations that accompanied it and is satisfied that the proposed rates to the Island Industrial class of customers is reasonable and prudent and will allow Hydro to manage the RSP balance in accordance with Order No. P. U. 40 (2003).

**IT IS THEREFORE ORDERED THAT:**

1. The Board hereby approves the continuation of the Industrial Customer interim rates attached hereto as Schedule "A".
2. The Board hereby approves the RSP rules as attached hereto as Schedule B to be effective January 1, 2009.
3. The Board hereby approves that the rates for Teck Cominco Limited be the same as are in effect for all other Island Industrial customers effective January 1, 2009.

Hydro shall pay the expenses of the Board incurred in connection with this matter.

**DATED** at St. John's, Newfoundland and Labrador, this \_\_\_\_<sup>th</sup> day of December 2008.

---

Andrew Wells,  
Chair & Chief Executive Officer

---

Darlene Whalen, P.Eng.,  
Vice-Chair

---

Dwanda Newman, LL.B  
Commissioner

---

G. Cheryl Blundon,  
Board Secretary

**NEWFOUNDLAND AND LABRADOR HYDRO****INDUSTRIAL – FIRM – (INTERIM)****Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Rate:****Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$6.68 per month per kilowatt of billing demand.

**Firm Energy Charge:**

Base Rate\* ..... @ 3.676 ¢ per kWh

RSP Adjustment.....@ (0.785) ¢ per kWh

Energy Rate.....@ 2.891 ¢ per kWh

**\*Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

**Specifically Assigned Charges:**

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	<b>Annual Amount</b>
Abitibi-Consolidated (Grand Falls)	\$ 1,244
Abitibi-Consolidated (Stephenville)	\$ 104,647
Corner Brook Pulp and Paper Limited	\$ 347,167
North Atlantic Refining Limited	\$ 150,976
Teck Cominco Limited	\$ 186,169

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL – FIRM – (INTERIM) (continued)**

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Schedule A  
Effective: December 1, 2008  
Page 3 of 4

**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL - NON-FIRM**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Rate:**

**Non-Firm Energy Charge (¢ per kWh):**

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2005 (2.68%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 630 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Schedule A  
Effective: December 1, 2008  
Page 4 of 4

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL - WHEELING**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

**Rate:**

**Energy Charge:**

All kWh (Net of losses)\* ..... @ 0.384 ¢ per kWh

\* For the purpose of this Rate, losses shall be 2.68%, the average system losses on the Island Interconnected Grid for the last five years ending in 2005.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.  
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO****Schedule B****RATE STABILIZATION PLAN****Page 1 of 8**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

The formulae used to calculate the Plan's activity are outlined below. Positive values denote amounts owing from customers to Hydro whereas negative values denote amounts owing from Hydro to customers.

**Section A: Hydraulic Production Variation****1. Activity:**

Actual monthly production is compared with the Test Year Cost of Service Study in accordance with the following formula:

$$\{(A - B) \div C\} \times D$$

Where:

A = Test Year Cost of Service Net Hydraulic Production (kWh)

B = Actual Net Hydraulic Production (kWh)

C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$/Can /bbl.)

**2. Financing:**

Each month, financing charges, using Hydro's approved Test Year weighted average cost of capital, will be calculated on the balance.

**3. Hydraulic Variation Customer Assignment:**

Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

E = Hydraulic Variation Account Balance as of December 31, excluding financing charges

F = Financing charges accumulated to December 31

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

**NEWFOUNDLAND AND LABRADOR HYDRO**

Schedule B

**RATE STABILIZATION PLAN (Continued)**

Page 2 of 8

**4. Customer Allocation:**

The annual customer assignment will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances respectively as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

**Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration****1. Activity****1.1 Fuel Cost Variations**

This is based on the consumption of No. 6 Fuel at the Holyrood Generating Station:

$$(G - D) \times H$$

Where:

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$Can /bbl.)

G = Monthly Actual Average No. 6 Fuel Cost (\$Can /bbl.)

H = Monthly Actual Quantity of No. 6 Fuel consumed less No. 6 fuel consumed for non-firm sales (bbl.)

**1.2 Load Variations**

**Firm:** Firm load variation is comprised of fuel and revenue components. The load variation is determined by calculating the difference between actual monthly sales and the Test Year Cost of service Study sales, and the resulting variance in No. 6 fuel costs and sales revenues. It is calculated separately for Newfoundland Power firm sales and Industrial firm sales, in accordance with the following formula:

$$(I - J) \times \{(D \div C) - K\}$$

Where:

C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$Can /bbl.)

I = Actual Sales, by customer class (kWh)

J = Test Year Cost of Service Sales, by customer class (kWh)

K = Firm energy rate, by customer class

**NEWFOUNDLAND AND LABRADOR HYDRO****Schedule B****RATE STABILIZATION PLAN (Continued)****Page 3 of 8**

**Secondary:** Secondary load variation is based on the revenue variation for Utility Firmed-Up Secondary energy sales compared with the Test Year Cost of Service Study, in accordance with the following formula:

$$(J - I) \times L$$

Where:

I = Actual Sales (kWh)

J = Test Year Cost of Service Sales (kWh)

L = Secondary Energy Firming Up Charge

### **1.3 Rural Rate Alteration**

(a) Newfoundland Power Rate Change Impacts:

This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M - N) \times O$$

Where:

M = Cost of Service rate <sup>1</sup>

N = Existing rate

O = Actual Units (kWh, bills, billing demand)

(b) Rural Labrador Interconnected Automatic Rate Adjustments:

This component reflects the impact of the automatic rate adjustments for Hydro's rural customers on the Labrador Interconnected system, which arise from the phase-in of the application of the credit from secondary energy sales to CFB Goose Bay to the rural deficit.

Monthly adjustments will be subject to revision when a new Test Year Cost of Service is approved by the Public Utilities Board for Hydro. The amount of the automatic rate adjustment is calculated as follows:

---

<sup>1</sup>

- Hydro's schedule of rates for its rural customers not affected by the December 6<sup>th</sup>, 2006 Government directive.
- For customers affected by the December 6<sup>th</sup>, 2006 Government directive, the Cost of Service rate equals the phased-in 2007 Forecast Cost of Service Rates for diesel rate classes 1.2D, 2.1D and 2.2D.
- No Rural Rate Alteration will arise from the phase-in of 2007 Forecast Cost of Service rates for the customers affected by the December 6<sup>th</sup>, 2006 Government directive.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (Continued)**

**Schedule B**  
**Page 4 of 8**

$$P = (Q - R) \div 12$$

Where:

P = the monthly amount of the automatic rate adjustment

Q = the CFB Revenue Credit applied to the rural deficit in Hydro's Final 2007 Test Year Cost of Service

R = the CFB Revenue Credit applied to the rural deficit from 2007 to 2011, included in existing rates and outlined in the table below:

	<b>Q</b>	<b>R</b>	<b>Q - R</b>	<b>P</b>
2008	\$3,380,796	\$2,991,599	\$389,197	\$32,433

**2. Monthly Customer Allocation: Load and Fuel Activity**

Each month, the load variation will be assigned to the customer class for which the load variation occurred.

Each month, the year-to-date total for fuel price variation will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The current month's activity for Newfoundland Power, Island Industrials and regulated Labrador Interconnected customers will be calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month. The current month's activity allocated to regulated Labrador Interconnected customers will be removed from the Plan and written off to Hydro's net income (loss).

**3. Monthly Customer Allocation: Rural Rate Alteration Activity**

Each month, the rural rate alteration will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study. The portion allocated to regulated Labrador Interconnected will be removed from the Plan and written off to Hydro's net income (loss).

**4. Plan Balances**

Separate plan balances for Newfoundland Power and for the Island Industrial customer class will be maintained. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

**NEWFOUNDLAND AND LABRADOR HYDRO**

Schedule B

**RATE STABILIZATION PLAN (Continued)**

Page 5 of 8

**Section C: Fuel Price Projection**

A fuel price projection will be calculated to anticipate forecast fuel price changes and to determine fuel riders for the rate adjustments. For industrial customers, this will occur in October each year, for inclusion with the RSP adjustment effective January 1. For Newfoundland Power, this will occur in April each year, for inclusion with the RSP adjustment effective July 1.

**1. Industrial Fuel Price Projection:**

In October each year, a fuel price projection for the following January to December shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(S - T) \times U\} - V] \times W$$

Where:

S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December

T = Hydro's average Test Year contract discount (US \$/bbl)

U = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of September

V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$Can /bbl.)

W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year. .

The industrial customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of September and is the ratio of Industrial Firm invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of an estimate of the fuel rider based on 12 months-to-date kWh sales to the end of September will be reported to industrial customers, Newfoundland Power, and the Public Utilities Board, by the 10<sup>th</sup> working day of October.

**2. Newfoundland Power Fuel Price Projection:**

In April each year, a fuel price projection for the following July to June shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(X - T) \times Y\} - V] \times W$$

**NEWFOUNDLAND AND LABRADOR HYDRO****Schedule B****RATE STABILIZATION PLAN (Continued)****Page 6 of 8**

Where:

T = Hydro's average Test Year contract discount (US \$/bbl)

V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$/Can /bbl.)

W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year. For the 2007 Test Year, test year barrels are reduced by 323,336 based on the reduction in forecast Island Industrial customer load caused by the shutdown of one of the paper machines at Corner Brook Pulp and Paper.

X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following July to December, and the most recent long-term PIRA Energy Group average annual forecast for No. 6 fuel prices at New York Harbour for the following January to June.

Y = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of March.

The Newfoundland Power customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of March and is the ratio of Newfoundland Power Firm and Firmed-Up Secondary invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy. For the 12 months-to-date (April 2007 - March 2008) Industrial Firm invoiced energy is reduced by 115,700,000 kWh to reflect the forecast reduction in CBPP load.

The amount of the forecast fuel price change, in Canadian dollars, and the details of the resulting fuel rider applied to the adjustment rate will be reported to Newfoundland Power, industrial customers, and the Public Utilities Board, by the 10<sup>th</sup> working day of April.

**Section D: Adjustment****1. Newfoundland Power**

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh which is projected to collect:

Newfoundland Power March 31 Balance

less projected recovery / repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year),

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

A fuel rider shall be added to the above adjustment rate, based on the Newfoundland Power Fuel

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (Continued)**

**Schedule B**  
**Page 7 of 8**

Price Projection amount (as per Section C.2 above) divided by 12-months-to-date kWh sales to the end of March.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

**2. Island Industrial Customers**

As of December 31 each year, the adjustment rate for industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh which is projected to collect:

Industrial December 31 Balance

plus forecast financing charges to the end of the following calendar year,

divided by 12-months-to-date kWh sales to the end of December.

A fuel rider shall be added to the above adjustment rate, based on the Industrial Fuel Price Projection (as per Section C.1 above) amount divided by 12-months-to-date kWh sales to the end of December.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

**Section E: Historical Plan Balances:**

**1. August 2002 Balance:**

~~Newfoundland Power and Island Industrial customer balances accumulated in the Plan as at August 2002 will be recovered over a 5-year collection period, with adjustment rates established each December 31, commencing December 31, 2002. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year annual weighted average cost of capital.~~

**Newfoundland Power**

~~The adjustment rate for each year of the five-year adjustment period will be determined as follows:~~

~~$$A = (B - C + D) \div E \div F$$~~

~~where~~

~~A = adjustment rate (\$ per kWh) for the 12-month period commencing the following July 1.~~

~~B = Balance December 31~~

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (Continued)**

Schedule B  
Page 8 of 8

~~C = projected recovery to the following June 30 (if any), estimated using the most recent energy sales (kWh) for the period January to June.~~  
~~D = projected financing charges to the following June 30~~  
~~E = number of years remaining in the adjustment period~~  
~~F = energy sales (kWh) (firm and firmed-up secondary) to Newfoundland Power for the most recent 12 months ended December 31~~

~~Recovery and financing will be applied to the balance each month. At the end of the five year recovery period, any remaining balance will be added to the plan then in effect.~~

~~Island Industrial Customers, excluding Teck Cominco Limited [Exempted pursuant to Order No. P.U.1(2007)]~~

~~The adjustment rate for each year of the five year adjustment period will be determined as follows:~~

~~$$G = H \div I \div J$$~~

~~where~~

~~G = adjustment rate (\$ per kWh) for the 12 month period commencing the following January 1.~~  
~~H = Balance December 31~~  
~~I = number of years remaining in the adjustment period~~  
~~J = firm energy sales (kWh) to Industrial Customers, excluding sales to Aur Resources Inc., for the most recent 12 months ended December 31~~

~~Recovery and financing will be applied to the balance each month. At the end of the five year recovery period, any remaining balance will be added to the plan then in effect.~~

**2. RSP Balance, December 31, 2003:**

~~Newfoundland Power and Island Industrial customer balances accumulated in the Plan as at December 31, 2003 will be consolidated with the outstanding August 2002 customer balances as of December 31, 2003, and will be included with the Newfoundland Power and Island Industrial customer balances respectively for rate setting purposes as of December 31, 2003.~~



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ST. JOHN'S OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

2008 12 12

<b>Industrial Customers</b> Mr. Paul L. Coxworthy, Counsel Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's NL, A1C 5V3	<b>E-mail: <a href="mailto:pcoxworthy@smss.com">pcoxworthy@smss.com</a></b>
Mr. Joseph S. Hutchings, Q.C., Counsel Poole Althouse P. O. Box 812 49-51 Park Street Corner Brook NL, A2H 6H7	<b>E-mail: <a href="mailto:jhutchings@pa-law.ca">jhutchings@pa-law.ca</a></b>

Dear Sirs:

**Re: Application for Continuation of Interim Rates for Industrial Customers**

A copy of Newfoundland Hydro's application to continue the interim rates which were approved for January 1, 2008 was forwarded to your attention from Hydro on yesterday's date. Hydro states that the continuation of the interim rates is necessary to limit the rate volatility and a potential increase to industrial rates as of January 1, 2009.

We would appreciate receiving any comments or submissions by Tuesday, December 16, 2008.

If you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca).

Sincerely,

Cheryl Blundon  
Board Secretary

e.c.c. Mr. Geoffrey Young, Newfoundland and Labrador Hydro E-Mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)  
Mr. Gerard Hayes, Newfoundland Power Inc. E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, Consumer Advocate - E-mail: [tjohnson@odeaearle.nf.ca](mailto:tjohnson@odeaearle.nf.ca)  
Mr. Brad Pelley – Abitibi-Consolidated Inc., - E-mail: [brad\\_pelley@abibiticonsolidated.com](mailto:brad_pelley@abibiticonsolidated.com)  
Mr. Patrick Corriveau – Corner Brook Pulp & Paper Co. Ltd – E-mail: [pcorriveau@cb.kruger.com](mailto:pcorriveau@cb.kruger.com)  
Mr. Jim Gartshore – Abitibi-Consolidated Inc. – E-mail: [jim\\_gartshore@abicon.com](mailto:jim_gartshore@abicon.com)  
Mr. Kevin Goulding – Deer Lake Power Ltd. – E-mail: [kgoulding@cb.kruger.com](mailto:kgoulding@cb.kruger.com)  
Mr. Glenn Mifflin – North Atlantic Refining Ltd – E-mail: [glennmifflin@na-petroleum.nf.ca](mailto:glennmifflin@na-petroleum.nf.ca)  
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.) – E-mail: [bob.kelly@teckcominco.com](mailto:bob.kelly@teckcominco.com)

R:\Hydro\App- INTERIM RATES INDUSTRIAL CUSTOMERS\IC Rates - request for consent.doc



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ST. JOHN'S OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

2008 12 12

<b>Industrial Customers</b> Mr. Paul L. Coxworthy, Counsel Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's NL, A1C 5V3	<b>E-mail: <a href="mailto:pcoxworthy@smss.com">pcoxworthy@smss.com</a></b>
Mr. Joseph S. Hutchings, Q.C., Counsel Poole Althouse P. O. Box 812 49-51 Park Street Corner Brook NL, A2H 6H7	<b>E-mail: <a href="mailto:jhutchings@pa-law.ca">jhutchings@pa-law.ca</a></b>

Dear Sirs:

**Re: Application for Continuation of Interim Rates for Industrial Customers -  
Teck Cominco Limited**

A copy of Newfoundland Hydro's application to continue the interim rates which were approved for January 1, 2008 was forwarded to your attention from Hydro on yesterday's date. Hydro states that the continuation of the interim rates is necessary to limit the rate volatility and a potential increase to industrial rates as of January 1, 2009.

Hydro has also applied to charge the same RSP rate to Teck Cominco Limited as the other Island Industrial Customers. Teck Cominco was not subject to the Historic Plan component of the RSP adjustment; which has been set to zero in the 2008 plan. This will result in an estimated increase of 38% in rates for Teck Cominco Limited.

We would appreciate receiving any comments or submissions by Tuesday, December 16, 2008.

If you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca).

Sincerely,



Cheryl Blundon  
Board Secretary

e.c.c. Mr. Geoffrey Young, Newfoundland and Labrador Hydro E-Mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)  
Mr. Gerard Hayes, Newfoundland Power Inc. E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, Consumer Advocate - E-mail: [tjohnson@odeaearle.nf.ca](mailto:tjohnson@odeaearle.nf.ca)  
Mr. Brad Pelley – Abitibi-Consolidated Inc., - E-mail: [brad\\_pelley@abitibiconsolidated.com](mailto:brad_pelley@abitibiconsolidated.com)  
Mr. Patrick Corriveau – Corner Brook Pulp & Paper Co. Ltd – E-mail: [pcorriveau@cb.kruger.com](mailto:pcorriveau@cb.kruger.com)  
Mr. Jim Gartshore – Abitibi-Consolidated Inc. – E-mail: [jim\\_gartshore@abicon.com](mailto:jim_gartshore@abicon.com)  
Mr. Kevin Goulding – Deer Lake Power Ltd. – E-mail: [kgoulding@cb.kruger.com](mailto:kgoulding@cb.kruger.com)  
Mr. Glenn Mifflin – North Atlantic Refining Ltd – E-mail: [glennmifflin@na-petroleum.nf.ca](mailto:glennmifflin@na-petroleum.nf.ca)  
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.) – E-mail: [bob.kelly@teckcominco.com](mailto:bob.kelly@teckcominco.com)

**Angela Dunphy /NLHydro**

12/14/2008 06:25 PM

To gary.burgess@teckcominco.com

cc bob.kelly@teckcominco.com, Glenn  
Mitchell/NLHydro@NLHydro

bcc

Subject Fw: Duck Pond Electricity rate

Gary:

On December 12, the Public Utilities Board issued a letter to the Industrial Customer legal counsel (Joe Hutchings and Paul Coxworthy) regarding this, as we have now applied for a change to your rates. If you and/or Bob would like to discuss this, I'm available at your convenience, so please give me a call or email me when you get a chance.

Regards,  
Angela

Angela Dunphy  
Team Lead, Rates and Regulatory Affairs  
Newfoundland and Labrador Hydro  
Tel (709) 737-1738  
Fax (709) 570-5927

----- Forwarded by Angela Dunphy/NLHydro on 12/14/2008 06:21 PM -----

**Angela Dunphy /NLHydro**

04/21/2008 02:52 PM

To gary.burgess@teckcominco.com

cc bob.kelly@teckcominco.com, Glenn  
Mitchell/NLHydro@NLHydro

Subject Duck Pond Electricity rate

Gary:

This is further to our recent conversation concerning electricity rates .

When Aur Resources initially became an Industrial Customer of Newfoundland and Labrador Hydro, in January 2006, Hydro applied for a special Rate Stabilization Plan (RSP) rate to be applied to Aur. The RSP had three primary components:

1. Current Plan adjustment rate, intended to collect or refund an annual accumulation in the RSP for fuel and load variances;
2. A fuel rider adjustment rate, intended to collect or refund the difference between the fuel price included in the last year (test year) base rates were set and the forecast fuel price at the end of September; and
3. Historic Plan adjustment rate, which collected, until December 31, 2007 RSP amounts incurred before December 2003.

Hydro's 2006 application requested that the RSP rate charged to Aur Resources Inc be exclusive of the Historic Plan component of the RSP. The Public Utility Board approved that rate, albeit not until January 2007, at which time Hydro refunded the amounts contributed to the Historical Plan by Aur.

Effective January 1, 2007, Industrial Customer energy rates were charged as follows:

	Other Industrial Customers	Aur Resources
	(cents/kWh)	
Base Rate	3.676	3.676
RSP Historic Plan	1.215	0.000

Current Plan	<u>(2.000)</u>	<u>(2.000)</u>
Total Energy Rate	<u>2.891</u>	<u>1.676</u>

Effective January 1, 2008, Industrial Rates were frozen as shown above, and the Historical Plan Balance was closed. As a result, Duck Pond has a lower rate than the other Industrial Customers, even though all the Industrial Customers are being refunded from the same current plan balance.

Hydro will soon have to apply to have your energy rate equal that of the other Industrial Customers, to avoid continuing the above discrepancy. As we discussed, it will be helpful if you, Bob and I can have a conversation to answer any questions you may have on this, at your earliest convenience.

Angela

Angela Dunphy  
Team Lead, Rates and Regulatory Affairs  
Newfoundland and Labrador Hydro  
Tel (709) 737-1738  
Fax (709) 570-5927

# STEWART MCKELVEY

Suite 1100  
Cabot Place  
100 New Gower Street  
St. John's, NL  
Canada A1C 6K3

Correspondence:  
P.O. Box 5038  
St. John's, NL  
Canada A1C 5V3

Telephone: 709.722.4270  
Fax: 709.722.4565  
st-johns@smss.com  
www.smss.com

**Paul L. Coxworthy**  
Direct Dial: 709.570.8830  
pcoxworthy@smss.com

December 16, 2008

## Via Electronic Mail & Courier

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon**  
**Director of Corporate Services and Board Secretary**

Dear Ms. Blundon:

## Re: Hydro Application for Industrial Customer Interim Rates

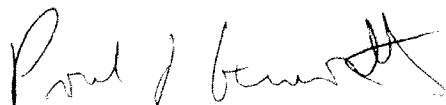
We write further to the Board's correspondence of December 12, 2008, requesting the comments or submissions of the Industrial Customers with respect to the above Application, as filed by Hydro on December 11, 2008.

By the December 12, 2008 correspondence, the Industrial Customers' comments or submissions were requested for today, Tuesday, December 16, 2008. Unfortunately, we have been unable to finalize the response of the Industrial Customers by today. We therefore respectfully request an extension to tomorrow, Wednesday, December 17, 2008, for the filing of the comments or submissions of the Industrial Customers.

We trust this is in order and look forward to your response.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/kmcd

December 16, 2008

Page 2

cc. Mr. Peter Alteen & Mr. Gerard Hayes  
Newfoundland Power  
Mr. Joseph S. Hutchings Q.C.  
Mr. Thomas J. Johnson  
Consumer Advocate  
Mr. Geoffrey P. Young  
Newfoundland and Labrador Hydro



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ST. JOHN'S OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

2008 12 16

<b>Industrial Customers</b> Mr. Paul L. Coxworthy, Counsel Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's NL, A1C 5V3	<b>E-mail: <a href="mailto:pcoxworthy@smss.com">pcoxworthy@smss.com</a></b>
Mr. Joseph S. Hutchings, Q.C., Counsel Poole Althouse P. O. Box 812 49-51 Park Street Corner Brook NL, A2H 6H7	<b>E-mail: <a href="mailto:jhutchings@pa-law.ca">jhutchings@pa-law.ca</a></b>

Dear Sirs:

**Re: Newfoundland and Labrador Hydro Application for continuation of Interim Rates for Industrial Customers**

Further to your request of December 16, 2008, the Board grants your request for an extension for the filing of comments by the Industrial Customers until 4:00 pm tomorrow, December 17, 2008 in the above captioned application.

If you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca).

Sincerely,

Cheryl Blundon  
Board Secretary

e.c.c. Mr. Geoffrey Young, Newfoundland and Labrador Hydro E-Mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)  
Mr. Gerard Hayes, Newfoundland Power Inc. E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)  
Mr. Thomas Johnson, Consumer Advocate - E-mail: [tjohnson@odeaearle.nf.ca](mailto:tjohnson@odeaearle.nf.ca)  
Mr. Brad Pelley – Abitibi-Consolidated Inc., - E-mail: [brad\\_pelley@abitibiconsolidated.com](mailto:brad_pelley@abitibiconsolidated.com)  
Mr. Jim Gartshore – Abitibi-Consolidated Inc. – E-mail: [jim\\_gartshore@abicon.com](mailto:jim_gartshore@abicon.com)  
Mr. Kevin Goulding – Deer Lake Power Ltd. – E-mail: [kgoulding@cb.kruger.com](mailto:kgoulding@cb.kruger.com)  
Mr. Glenn Mifflin – North Atlantic Refining Ltd – E-mail: [glennmifflin@na-petroleum.nf.ca](mailto:glennmifflin@na-petroleum.nf.ca)  
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.) – E-mail: [bob.kelly@teckcominco.com](mailto:bob.kelly@teckcominco.com)  
Mr. Larry Marks – Corner Brook Pulp & Paper Co. Ltd. - E-mail: [Lmarks@CB.Kruger.com](mailto:Lmarks@CB.Kruger.com)

I:\Hydro\App- INTERIM RATES INDUSTRIAL CUSTOMERS\IC request for extension.doc



*Newfoundland Power Inc.*

55 Kenmount Road  
PO Box 8910  
St. John's, Newfoundland  
A1B 3P6  
Business: (709) 737-5600  
Facsimile: (709) 737-2974  
[www.newfoundlandpower.com](http://www.newfoundlandpower.com)

VIA EMAIL

December 16, 2008

Board of Commissioners of Public Utilities  
P.O. Box 21040  
120 Torbay Road  
St. John's, NF A1A 5B2

Attention: G. Cheryl Blundon  
Director of Corporate Services  
and Board Secretary

Ladies and Gentlemen:

**Re: Application for Continuation of Interim Rates for Industrial Customers**

As the above-noted matter affects only Hydro's Industrial Customers, and has no impact on the customers of Newfoundland Power, we will not be commenting on the Application.

A copy of this letter has been forwarded directly to all interested parties.

If you have any questions, please contact the undersigned at your convenience.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Gerard Hayes".

Gerard Hayes  
Senior Counsel

c. Geoffrey Young  
Newfoundland & Labrador Hydro

Thomas Johnson  
O'Dea Earle Law Office

Paul L. Coxworthy  
Stewart McKelvey Stirling Scales

Mr. Joseph S. Hutchings, Q.C.  
Poole Althouse



Join us in the fight against cancer.

Telephone: (709) 737-5609

Email: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)

Fax: (709) 737-2974

# STEWART MCKELVEY

Suite 1100  
Cabot Place  
100 New Gower Street  
St. John's, NL  
Canada A1C 6K3

Correspondence:  
P.O. Box 5038  
St. John's, NL  
Canada A1C 5V3

Telephone: 709.722.4270  
Fax: 709.722.4565  
st-johns@smss.com  
www.smss.com

**Paul L. Coxworthy**  
Direct Dial: 709.570.8830  
pcoworthy@smss.com

December 17, 2008

## Via Electronic Mail & Courier

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon**  
**Director of Corporate Services and Board Secretary**

Dear Ms. Blundon:

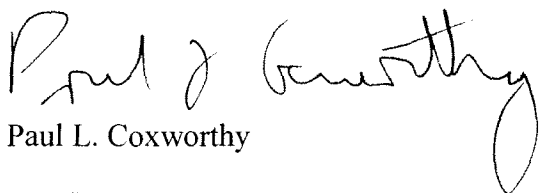
**Re: Hydro Application for Industrial Customer Interim Rates**

Please find enclosed the original and eight (8) copies of the Notice of Intervention and Preliminary Submissions of the Industrial Customers in the above Application.

We trust you will find the enclosed to be in order.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/kmcd

### Enclosure

cc. Mr. Peter Alteen & Mr. Gerard Hayes  
Newfoundland Power  
Mr. Joseph S. Hutchings Q.C.  
Mr. Thomas J. Johnson  
Consumer Advocate  
Mr. Geoffrey P. Young  
Newfoundland and Labrador Hydro

**IN THE MATTER OF** the *Public Utilities Act* (the Act); and]

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Section 71 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

**NOTICE OF INTERVENTION AND PRELIMINARY SUBMISSIONS  
OF THE INDUSTRIAL CUSTOMERS**

**TAKE NOTICE** that Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited, Teck Cominco Limited and Vale Inco Newfoundland and Labrador Limited (the “Intervenors”), through their solicitors Stewart McKelvey and Poole Althouse, hereby intervene in the above-referenced Application.

The Intervenors are actual or potential island Industrial Customers of Newfoundland and Labrador Hydro who are or will be affected by the rates charged by Newfoundland and Labrador Hydro.

The Intervenors make the following submissions in respect of the Application:

**Rates for Industrial Customers generally**

- (a) Further information and consideration is required to determine whether continuation of the interim rates for Industrial Customers for an indefinite period, as proposed by Hydro’s application, is consistent with the objectives of the Rate Stabilization Plan to smooth rate impacts for Industrial Customers arising from variations between actual results and

Test Year Cost of Service estimates and with the overarching principle that Hydro must deliver power to consumers in the province at the “lowest possible cost consistent with reliable service”.

- (b) The Industrial Customers have already been subject to interim rates, as originally approved on an interim basis by Order No. P.U. 34 (2007), for the whole of the year 2008. It would therefore be appropriate to consider whether reasonable time limits should be placed on any continuation of interim rates and on the requirement on Hydro to make application for permanent rates.
- (c) Hydro has made the bare submission that it needs a further, unspecified period of time to analyze the impact of changes in the Island Industrial Customer load and in fuel prices on the RSP. The Industrial Customers are concerned that the practical effect of the order sought by Hydro would be the establishment of long-term (as distinct from truly “interim”) rates for Industrial Customers without affording the full opportunity for oversight of the Board and for submissions from the Industrial Customers.

#### Rates for Teck Cominco

- (d) Further information and consideration is required to determine the appropriate rate to be charged by Hydro to Teck Cominco Limited (“Teck Cominco”), in light of (i) the exclusion by Order No. P.U. 1 (2007) of Teck Cominco from the Historic Plan component of the RSP Adjustment, (ii) the

completion of the five-year collection period for the Historical Plan Balance leaving a remaining balance of \$1,382,925.00, and (iii) the inclusion of this remaining Historical Plan Balance in the current RSP.

- (e) The order sought by Hydro would result, as noted by Hydro in its covering letter to the Application, in an estimated rate increase of 38% for Teck Cominco. It also would, in effect, represent a departure from the principle underlying Order No. P.U. 1 (2007), as stated in Hydro's response to PUB 25 NLH in that Application and reproduced in that Order, that Aur Resources Inc. (now Teck Cominco) *"should not pay a portion of the Historical Plan Balance primarily on the principle of cost causation, in that all costs being recovered in the Industrial Customer RSP Historic Plan are costs incurred by the Industrial Customer class prior to 2004"*.
- (f) Given the significant impact of the proposed order on Teck Cominco, and the potential precedential effect of the proposed order for future Industrial Customers, the Industrial Customers submit that there should be full opportunity for oversight of the Board and for submissions from the Industrial Customers on this issue.

In light of the need for further information and consideration of the above issues, it is respectfully requested by the Industrial Customers that the Board make an order which would give effect to the following:

1. The continuation of Industrial Customer interim rates, as approved in Order No. P.U. 34 (2007), and including the continuation of the differential interim rates approved for Teck Cominco pursuant to Order No. P.U. 1 (2007) and without adjustment to reflect inclusion of the remaining Historical Plan Balance in the current RSP, until March 31, 2009;
2. All parties to have the opportunity to file Requests for Information, to file evidence, to request other pre-hearing procedures, to request a hearing and/or to make further submissions in relation to the above issues, in accordance with the further direction of the Board.
3. Hydro to file its application for permanent rates for its Industrial Customers at least 30 days prior to the expiry of the extension of interim rates.

Documents relating to this Application can be served on the Intervenor in care of:

Paul L. Coxworthy  
Stewart McKelvey  
Suite 1100, Cabot Place  
100 New Gower Street  
P.O. Box 5038  
St. John's NL A1C 5V3

Telephone: (709) 722-4270  
Telecopier: (709) 722-4565

E-mail: [pcoxworthy@smss.com](mailto:pcoxworthy@smss.com)

**AND**


Mr. Joseph S. Hutchings Q.C.  
Poole Althouse  
49-51 Park Street  
P.O. Box 812  
Corner Brook NL A2H 6H7

Telephone: (709) 637-6425  
Telecopier: (709) 634-8247



E-mail: jhutchings@pa-law.ca

**DATED** at St. John's, Newfoundland and Labrador, this 17<sup>th</sup> day of December, 2008.

**STEWART McKELVEY**

Per:   
Paul Coxworthy

**POOLE ALTHOUSE**

Per:   
 Joseph S. Hutchings, Q.C.

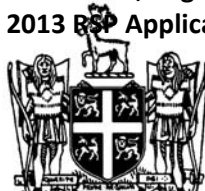
TO: The Board of Commissioners of Public Utilities  
Suite E210, Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's NL A1A 5B2  
Attention: Ms. Cheryl Blundon, Director Corporate Services and  
Board Secretary

TO: Newfoundland & Labrador Hydro  
P.O. Box 12400  
500 Columbus Drive  
St. John's NL A1B 4K7  
  
Attention: Geoffrey P. Young

TO: Newfoundland Power Inc.  
P.O. Box 8910  
55 Kenmount Road  
St. John's NL A1B 3P6

Attention: Peter Alteen and Gerard Hayes

TO: Consumer Advocate  
c/o O'Dea, Earle  
323 Duckworth Street  
P. O. Box 5955, Stn. C  
St. John's NL A1C 5X4  
Attention: Thomas J. Johnson



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
 P.O. Box 21040  
 St. John's, Newfoundland and Labrador  
 Canada, A1A 5B2

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
 Grand Falls-Windsor  
 Newfoundland and Labrador  
 Canada, A2A 1C6

2008 12 17

<b>Newfoundland and Labrador Hydro</b> Mr. Geoffrey P. Young, Senior Legal Counsel, Hydro Place, Columbus Drive, P.O. Box 12400, St. John's, NL, A1B 4K7	<b>E-mail: <a href="mailto:gyoung@nlh.nl.ca">gyoung@nlh.nl.ca</a></b>
<b>Consumer Advocate</b> Mr. Thomas Johnson, O'Dea Earle, 323 Duckworth Street, P.O. Box 5955, St. John's, NL, A1C 5X4	<b>E-mail: <a href="mailto:tjohnson@odeaearle.nf.ca">tjohnson@odeaearle.nf.ca</a></b>
<b>Newfoundland Power Inc.</b> Mr. Gerard Hayes, Counsel, 55 Kenmount Road, P.O. Box 8910, St. John's, NL, A1B 3P6	<b>E-mail: <a href="mailto:ghayesnewfoundlandpower.com">ghayesnewfoundlandpower.com</a></b>

Dear Sirs:

**RE: Application of Newfoundland and Labrador Hydro for the continuation of  
 Interim Rates for Industrial Customers**

Further to the above captioned application, the Board is now in receipt of the Industrial Customers' comments, which have also been copied to you.

Should you wish to make further submissions, the Board requests that you do so by noon, Friday, December 19, 2008.

Yours sincerely,

*Original signed by*  
Cheryl Blundon,  
Board Secretary

\e.c.c.

Mr. Brad Pelley,  
.Abitibi-Consolidated Inc

brad\_pelley@abitibiconsolidated.com

Mr. Jim Gartshore,  
Abitibi-Consolidated Inc.

jim\_gartshore@abicon.com

Mr. Kevin Goulding,  
Deer Lake Power Ltd.

kgoulding@cb.kruger.com

Mr. Glenn Mifflin,  
North Atlantic Refining Ltd

glennmifflin@na-petroleum.nf.ca

Mr. Bob Kelly,  
Teck Cominco Limited (Aur Resources Inc.)

bob.kelly@teckcominco.com

Mr. Larry Marks,  
Corner Brook Pulp & Paper Co. Ltd.

Lmarks@CB.Kruger.com

Mr. Joseph S. Hutchings, Q.C.,  
Poole Althouse

jhutchings@pa-law.ca

Mr. Paul L. Coxworthy,  
Stewart McKelvey Stirling Scales

pcoxworthy@smss.com



File No. \_\_\_\_\_

**NEWFOUNDLAND AND LABRADOR HYDRO**

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7  
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

January 16, 2009

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland & Labrador  
A1A 5B2

**Attention: Ms. Cheryl Blundon**  
**Director Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Island Industrial Rates – Order No. P.U. 37(2008)**

Please find enclosed the original and eight copies of an application with regards to Island Industrial rates, plus supporting affidavit and draft order.

Beginning in 2005 with the shutdown of the Abitibi Stephenville mill, there has been a significant decline in the pulp and paper load on the Island Interconnected system. In 2007 there was a further decline in industrial sales as Corner Brook Pulp and Paper Ltd shutdown a paper machine and in late 2008 Abitibi announced that it will be closing its Grand Falls operations in 2009. The result of these shutdowns is that sales to the pulp and paper sector will have declined by 816.4 GWh (72.1 %) since the 2004 Cost of Service Test Year or 305.4 GWh (49.2%) since the 2007 Test Year.

Also, since base rates were last set on January 1, 2007, there has been significant volatility in the price of fuel used at the Holyrood thermal plant. The 2007 Cost of Service included average fuel costs of \$55.47 per barrel. During the world-wide increase in fuel price in 2008, Hydro incurred fuel purchases as high as \$90.06 per barrel. This level of fuel price change has created volatility that is unprecedented in Hydro's history.

Changes of this magnitude in fuel prices and, in particular, Industrial Customer load, have a significant impact on rates through the Industrial Rate Stabilization Plan (RSP). Under the present rules for the RSP, the Industrial Customer load variation is assigned solely to the Industrial Customer class. Because of the industrial load continuing to decline unpredictably and significantly in 2009, and fuel price volatility, Hydro has not been able to prepare reliable analysis on which to base a rate recommendation. Electricity rate uncertainty continues into the future as well, as a result of the recent expropriation of Abitibi hydro-electric facilities. The combination of a reduction in Abitibi

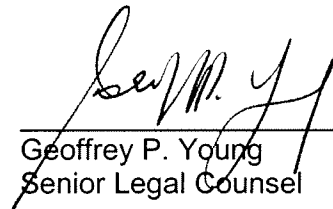
purchases from Hydro and the potential generation from the Grand Falls and Bishop's Falls hydro-electric facilities, which at this time is undetermined, could result in a potential equivalent reduction of one million barrels of fuel annually at Holyrood. This could obviously have a significant impact on all Island Interconnected rates and some resolution of the cost impacts of this issue will be necessary in order to develop a future Industrial Customer RSP rate recommendation.

The level and volatility of Island Industrial rates is a provincial policy issue. This has been particularly so regarding the pulp and paper industry over recent years as the Province sought to assist in ways and means to keep the industry viable. In 2005, the Province contributed \$10 million to the Industrial Customer Historic RSP to lower rates for all industrial customers. Because of the policy implications inherent in industrial rate setting, it is incumbent upon Hydro to inform the Province of any potential recommendations regarding industrial rates.

Hydro currently estimates that it may be toward the end of the second quarter before it can finalize a rate proposal, however this timing is uncertain because of the nature of the issues. On this basis, Hydro informs the Board that the filing timeframes outlined in Order No. P.U. 37 (2008) cannot be met and requests approval of the attached application.

Yours truly,

**Newfoundland and Labrador Hydro**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

cc: Mr. Peter Alteen - Newfoundland Power  
Mr. Keith Aylward – Newfoundland Power  
Mr. Gerard Hayes – Newfoundland Power  
Mr. Thomas Johnson – Consumer Advocate  
Mr. Joseph S. Hutchings, Q.C., Poole Althouse  
Mr. Paul Coxworthy – Stewart McKelvey Sterling Scales  
Mr. Brad Pelley – Abitibi-Consolidated Inc., Grand Falls  
Mr. Jim Gartshore – Abitibi-Consolidated Inc., Montreal  
Mr. Larry Marks – Corner Brook Pulp & Paper Co. Ltd.  
Mr. Mark Sheppard – Vale Inco, Toronto  
Mr. Kevin Goulding – Deer Lake Power Ltd.  
Mr. Glenn Mifflin – North Atlantic Refining Ltd.  
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.)

**IN THE MATTER OF** the *Public Utilities Act*, (the Act); and

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Sections 70 (1) and 76 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

**TO:** The Board of Commissioners of Public Utilities (the Board)

**THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro) STATES THAT:**

1. Hydro is a corporation continued and existing under the Hydro Corporation Act, 2007, is a public utility within the meaning of the Act and is subject to the provisions of the Electrical Power Control Act, 1994.
2. Order No. P.U. 40 (2003) sets out the manner by which the Rate Stabilization Plan (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers.
3. Order No. P.U. 8 (2007) confirmed on a final basis the rates for Hydro's Island Industrial Customers to be effective January 1, 2007.
4. On December 20, 2007 Hydro filed an Application to the Board for an Order continuing, on an interim basis, the rates then in effect for the Island Industrial Customers, on the basis that the normal operation of

the RSP could cause significant rate volatility for the Island Industrial Customers.

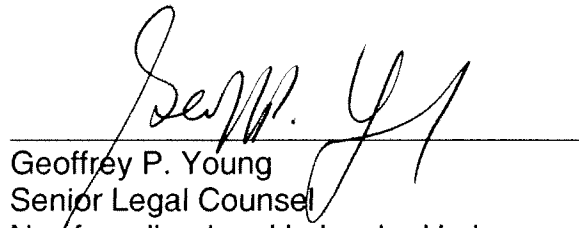
5. Order No. P.U. 34 (2007) approved, on an interim basis, Island Industrial Customers' rates to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Island Industrial Customers' rates for 2008.
6. On December 4, 2008 Abitibi announced it would be closing its Grand Falls paper mill effective March 31, 2009.
7. On December 11, 2008, Hydro filed an Application for approval to:
  - (a) continue the existing Island Industrial Customer interim rates except that rates for Teck Cominco Limited (formerly Aur Resources Inc.) would be increased to the same level as Hydro's other Island Industrial Customers.
  - (b) revise the Schedule of Rates and the RSP rules and regulations for Hydro's Island Industrial Customers to remove reference to the Historical Plan Balance.
8. On December 16, 2008, the Abitibi-Consolidated Rights and Assets Act was introduced and passed into law by the Province. Under that legislation the Abitibi hydro-electric generating assets were

expropriated. The impact of this action on Island Interconnected electricity rates cannot be estimated at this time.

9. The Island Industrial Customers made submission on December 17, 2008 requesting that the interim rates be continued, with the existing differential for Teck Cominco Limited, until March 31, 2009 to provide an opportunity for all parties to request information, file evidence, request other pre-hearing procedures and a hearing and/or submissions, and requiring Hydro to file an application for final rates at least thirty days prior to the expiry of interim rates.
10. The Board in Order No. P.U. 37(2008) issued on December 24, 2008, determined that the rates, rules and regulations for the Island Industrial Customers should continue on an interim basis until March 31, 2009 and that Hydro should make application to finalize the interim rates, rules and regulations for the Island Industrial Customers by January 30, 2009.
11. On January 7, 2009, the owner of the Corner Brook Pulp and Paper mill announced that it would be facing cutbacks to operations in three of its paper mills including the Corner Brook mill. The level of the production cutbacks affecting the Corner Brook mill and the impacts that it will have on energy consumption is not known at this time.

12. Due to the Industrial Customers' load continuing to decline unpredictably and significantly, and the volatility in the price of fuel used at the Holyrood Thermal Generating Station, Hydro has not been able to prepare reliable analysis on which to base a rate recommendation. In addition, the recent expropriation of Abitibi's hydro-electric facilities could have a significant impact on all Island Interconnected rates with a potential annual reduction of up to one million barrels of fuel at Holyrood. Resolution of the cost impact of this issue will be necessary in order to develop the Industrial Customers' RSP rate recommendation.
13. Hydro therefore applies for an Order: (1) extending the Application filing deadline set in Order No. P.U. 37 (2008) until June 30, 2009; and (2) approving a continuation of the existing rates, rules and regulations for Hydro's Island Industrial Customers on an interim basis until such time as the Board has dealt with the above referenced application.

**DATED AT** St. John's in the Province of Newfoundland and Labrador this 16th day of January 2009.



Geoffrey P. Young  
Senior Legal Counsel  
Newfoundland and Labrador Hydro,  
500 Columbus Drive, P.O. Box 12400  
St. John's, Newfoundland, A1B 4K7

**TO:** The Board of Commissioners of Public Utilities (the Board)


# AFFIDAVIT

I, James R. Haynes, Professional Engineer of St. John's, in the Province of Newfoundland and Labrador, make oath and swear as follows:

1. THAT I am employed by Newfoundland and Labrador Hydro, the Applicant herein, in the capacity of Vice-President, Regulated Operations, and as such I have knowledge of the matters and things to which I have herein deposed, and make this affidavit in support of the Application.
2. THAT I have read the contents of the Application and they are correct and true to the best of my knowledge, information and belief.

SWORN TO BEFORE ME in the )  
City of St. John's, in the Province )  
of Newfoundland and Labrador, this )  
16<sup>th</sup> day of January, 2009. )

Barrister – Newfoundland and Labrador

  
James R. Haynes

**(DRAFT ORDER)**  
**NEWFOUNDLAND AND LABRADOR**  
**AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**NO. P.U. \_\_ (2009)**

**IN THE MATTER OF** the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the *Act*), and

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro (Hydro) for the approval, pursuant to Sections 70 (1) and 76 of the *Act*, of the Rate Stabilization Plan components of the rates to be charged to Island Industrial Customers.

**WHEREAS** Hydro is a corporation continued and existing under the Hydro Corporation Act, 2007, is a public utility within the meaning of the Act and is subject to the provisions of the Electrical Power Control Act, 1994; and

**WHEREAS** Order No. P.U. 40 (2003) sets out the manner by which the Rate Stabilization Plan (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers which includes special treatment and recovery of Historical Plan Balances that had accumulated in the RSP as of December 31, 2003; and

**WHEREAS** Order No. P.U. 8 (2007) confirmed on a final basis the interim rates for Hydro's Island Industrial Customers to be effective January 1, 2007 until an application is filed by Hydro for new rates effective January 1, 2008 in accordance with the provisions of the RSP; and

**WHEREAS** on December 31, 2007 the five-year collection period to recover the Historical Plan Balance ended as per Section E of Hydro's RSP and as of December 31, 2007 any remaining balance in the Historical Plan was transferred to the current plan and the Historical Plan Balance was set to zero; and

**WHEREAS** on December 20, 2007 Hydro filed an Application to the Board for an Interim Order continuing the rates currently in effect for the Island Industrial Customers until such time as the Board issues a final Order with respect to rates for Hydro's Island Industrial Customers for 2008, on the basis that the normal operation of the RSP could cause significant rate volatility for the Island Industrial Customers.

**WHEREAS** Order No. P.U. 34 (2007) approved Hydro's proposal and approved, on an interim basis, Island Industrial Customer rates to be effective for consumption on and after January 1,

2008, until a final Order of the Board with respect to Island Industrial Customers' rates for 2008; and

**WHEREAS** on December 11, 2008, Hydro filed an Application for approval to:

- (a) continue the existing Island Industrial Customer interim rates except that rates for Teck Cominco Limited (formerly Aur Resources Inc.) would be increased to the same level as Hydro's other Island Industrial Customers.
- (b) revise the Schedule of Rates and the RSP rules and regulations for Hydro's Island Industrial Customers to remove reference to the Historical Plan Balance; and

**WHEREAS** the Island Industrial Customer made submission on December 17, 2008 requesting that the interim rates be continued, with the existing differential for Teck Cominco Limited, until March 31, 2009 to provide an opportunity for all parties to request information, file evidence, request other pre-hearing procedures and a hearing and/or submissions, and requiring Hydro to file an application for final rates at least thirty days prior to the expiry of interim rates to which submission Hydro did not file a reply; and

**WHEREAS** the Board in Order No. P.U. 37(2008) determined that the rates, rules and regulations for the Island Industrial Customers should continue on an interim basis until March 31, 2009 and that Hydro shall make application to finalize the interim rates, rules and regulations for the Island Industrial Customer by January 30, 2009; and

**WHEREAS** recent events affecting Island Industrial loads and potentially affecting available hydro-electric generation have caused further uncertainty as to costs and rate structures; and

**WHEREAS** Hydro has made Application for an Order: (1) extending the Application filing deadline set in Order No. P.U. 37 (2008) until June 30, 2009; and (2) approving a continuation of the existing rates, rules and regulations for Hydro's Island Industrial Customers on an interim basis until such time the Board has dealt with the above referenced Application.

**IT IS THEREFORE ORDERED THAT:**

1. Hydro shall make application to finalize the interim rates, rules and regulations for the Island Industrial Customers by June 30, 2009.
2. The continuation of the rates, rules and regulations for Hydro's Island Industrial Customers is approved on an interim basis until a final Order of the Board with respect to the above referenced Application.
3. Hydro shall pay the expenses of the Board incurred in connection with this matter.

**DATED** at St. John's, Newfoundland and Labrador, this 16<sup>th</sup> day of January 2009.

---

Andrew Wells,  
Chair & Chief Executive Officer

---

Darlene Whalen, P.Eng.,  
Vice-Chair

---

Dwanda Newman, LL.B  
Commissioner

---

G. Cheryl Blundon,  
Board Secretary



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ST. JOHN'S OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2  
Fax: (709) 726-9604

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6  
Fax: (866)-489-8879

2009 01 19

**CORRESPONDENCE COVER**

<b>Party</b>	<b>Address</b>	<b>E-Mail</b>
<b><u>Industrial Customers</u></b> Mr. Paul Coxworthy Counsel  Mr. Joseph Hutchings, Q.C. Counsel	Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's, NL A2H 6H7  Poole Althouse 49-51 Park Street P.O. Box 812 Corner Brook, NL A2H 6H7	pcoxworthy@smss.com     jhutchings@pa-law.ca
<b><u>Consumer Advocate</u></b> Mr. Thomas Johnson	323 Duckworth Street P.O. Box 5955 St. John's, NL A1C 5X4	tjohnson@odeaearle.nf.ca
<b><u>Newfoundland Power Inc.</u></b> Mr. Gerard Hayes Senior Counsel	55 Kenmount Road P.O. Box 8910 St. John's, NL A1B 3P6	ghayes@newfoundlandpower.com

**RE: Newfoundland and Labrador Hydro application for approval of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers, further to Order No. P. U. 37(2008)**

---

**Request for Comments**



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ST. JOHN'S OFFICE**

120 Torbay Road  
 P.O. Box 21040  
 St. John's, Newfoundland and Labrador  
 Canada, A1A 5B2  
 Fax: (709) 726-9604

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
 Grand Falls-Windsor  
 Newfoundland and Labrador  
 Canada, A2A 1C6  
 Fax: (866)-489-8879

2009 01 19

**Industrial Customers**

Mr. Paul Coxworthy  
 Mr. Joseph Hutchings, Q.C.

**Consumer Advocate**

Mr. Thomas Johnson

**Newfoundland Power Inc.**

Mr. Gerard Hayes

**RE: Newfoundland and Labrador Hydro application for approval of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers, further to Order No. P. U. 37(2008)**

Dear Sirs:

The Board is currently reviewing the above noted application received and also copied to you on January 16, 2009. The Board requests that any comments regarding this application be submitted as follows:

**Party**

Industrial Customers  
 Consumer Advocate  
 Newfoundland Power

**Submission Deadline**

Noon, Wednesday, January 21, 2009

Newfoundland and Labrador Hydro 4:00 p.m., Thursday, January 22, 2009

Should you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca).

Yours truly,

*Original signed by*

Cheryl Blundon  
 Board Secretary

cc. **Newfoundland and Labrador Hydro**

Mr. Geoffrey Young

# STEWART MCKELVEY

Suite 1100  
Cabot Place  
100 New Gower Street  
St. John's, NL  
Canada A1C 6K3

Correspondence:  
P.O. Box 5038  
St. John's, NL  
Canada A1C 5V3

Telephone: 709.722.4270  
Fax: 709.722.4565  
st-johns@smss.com  
www.smss.com

**Paul L. Coxworthy**  
Direct Dial: 709.570.8830  
pcoxworthy@smss.com

January 21, 2009

## **Via Electronic Mail & Courier**

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon**  
**Director of Corporate Services and Board Secretary**

Dear Ms. Blundon:

**Re: Island Industrial Rates-Order No. P.U. 37(2008)**

We write in response to the Board's correspondence of January 19, 2009, requesting the Industrial Customers' comments on the Hydro Application, filed Friday, January 16, 2009, made in relation to the above Order. Those comments have been requested to be submitted by 12 noon today.

The practical effect of the January 16, 2009 Application would be, other than in respect of the rate increase originally proposed for Teck Cominco Limited, to grant, to a significant extent, the order sought by Hydro's December 11, 2008 Application. As noted in paragraph 5 of the January 16, 2009 Application, Order No. P.U. 34 (2007) approved, on an interim basis, Island Industrial Customers' rates. Those interim rates were to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to the Island Industrial Customers' rates for 2008. If Hydro's latest Application is granted, the making of such a final Order will be postponed until at least mid-2009. Such a result is difficult to accord with the ordinary meaning of "interim rates".

Having said this, the Industrial Customers acknowledge the issues and uncertainties confronting not only Hydro, but the Industrial Customers as well, in respect of both the provincial and global economic situation. In these circumstances, the Industrial Customers require more than the time proposed to formulate their comments and position in response to the January 16, 2009 Application.

Ms. G. Cheryl Blundon  
Director of Corporate Services and Board Secretary  
January 21, 2009  
Page 2

The Industrial Customers therefore respectfully request an extension of one week, to January 28, 2009, for their response to Hydro's January 16, 2009 Application. With respect to Hydro's concern about the pending January 31, 2009 deadline for the filing of an application for Industrial Customer rates, the Industrial Customers believe this could be addressed by granting an equivalent one week extension to Hydro for the filing of such application, if Hydro's January 16 Application is ultimately denied.

We trust you will find the above request to be in order.

Yours truly,

Stewart McKelvey

A handwritten signature in black ink, appearing to read "Paul L. Coxworthy". The signature is fluid and cursive, with the first name "Paul" being the most prominent.

Paul L. Coxworthy

PLC/

cc. Mr. Gerard Hayes  
Newfoundland Power  
Mr. Joseph S. Hutchings Q.C.  
Poole Althouse  
Mr. Thomas J. Johnson  
Consumer Advocate  
Mr. Geoffrey P. Young  
Newfoundland and Labrador Hydro



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

2009 01 21

**CORRESPONDENCE COVER****Newfoundland and  
Labrador Hydro**

Mr. Geoffrey P. Young,  
Senior Legal Counsel,

Hydro Place, Columbus Drive,  
P.O. Box 12400,  
St. John's, NL,  
A1B 4K7 **gyoung@nlh.nl.ca**

**Industrial Customers**

Mr. Paul L. Coxworthy,  
Counsel

Stewart McKelvey **pcoxworthy@smss.com**  
Stirling Scales  
Cabot Place, 100 New  
Gower Street  
P.O. Box 5038  
St. John's  
NL, A1C 5V3

Mr. Joseph S. Hutchings,  
Q.C., Counsel

Poole Althouse **jhutchings@pa-law.ca**  
P. O. Box 812  
49-51 Park Street  
Corner Brook  
NL, A2H 6H7

**Consumer Advocate**

Mr. Thomas Johnson,

O'Dea Earle, **tjohnson@odeaearle.nf.ca**  
323 Duckworth Street,  
P.O. Box 5955,  
St. John's, NL,  
A1C 5X4

**Newfoundland Power  
Inc.**

Mr. Gerard Hayes,  
Counsel,

55 Kenmount Road, **ghayes@newfoundlandpower.com**  
P.O. Box 8910,  
St. John's, NL,  
A1B 3P6

**RE: Island Industrial Rates – Order No. P. U. 37(2008)**



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**HEAD OFFICE**

120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

**GRAND FALLS-WINDSOR OFFICE**

18 High Street  
Grand Falls-Windsor  
Newfoundland and Labrador  
Canada, A2A 1C6

2009 01 21

**Industrial Customers**

Mr. Paul Coxworthy  
Mr. Joseph Hutchings, Q.C.

**Consumer Advocate**

Mr. Thomas Johnson

**Newfoundland Power Inc.**

Mr. Gerard Hayes

**Newfoundland and Labrador Hydro**

Mr. Geoffrey Young

Dear Sirs:

**RE: Island Industrial Rates – Order No. P. U. 37(2008)**

The Board has considered the request of the Industrial Customers for an extension of the filing of submissions in relation to the above captioned matter and has extended the filing deadline as follows:

**Party**

Industrial Customers  
Consumer Advocate  
Newfoundland Power

**Submission Deadline**


Noon, Monday, January 26, 2009

Newfoundland and Labrador Hydro

Noon, Wednesday, January 28, 2009

Should you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca).

Yours truly,

  
Cheryl Blundon  
Board Secretary

1 Q. Further to NP-NLH-12, how much of the -2.0¢ per kWh RSP adjustment rate for  
2 Teck Resources Limited is attributable to the load variation component impact of  
3 the closure of the Abitibi Stephenville mill?  
4

5  
6 A. Approximately 70% of the -2.0¢ per kWh RSP adjustment rate was attributable to  
7 the load variation component impact of the closure of the Abitibi Stephenville mill  
8 when the rate was calculated based on 2006 RSP activity.

**RSP Components to be charged to Industrial Customers**

1 Q. Complete the following tables:

		<b>Industrial Class</b>			
		<b>(excluding Teck Resources)</b>			
				<b>2009</b>	
		<b>2007</b>	<b>2008</b>	<b>Forecast</b>	<b>Total</b>
Base Rate Revenue (\$)	A				
RSP Revenue (\$)	B				
Total Revenue (\$)	C=A+B				
RSP Revenue (% of Total)	D=B/C				
% Impact of Base Rates	E=A/C				

Note: Assume current rates for 2009 Forecast.

		<b>Teck Resources</b>			
				<b>2009</b>	
		<b>2007</b>	<b>2008</b>	<b>Forecast</b>	<b>Total</b>
Base Rate Revenue (\$)	A				
RSP Revenue (\$)	B				
Total Revenue (\$)	C=A+B				
RSP Revenue (% of Total)	D=B/C				
% Impact of Base Rates	E=A/C				

Note: Assume current rates for 2009 Forecast.

2

3 A.

		<b>Industrial Class</b>			
		<b>(excluding Teck Resources)</b>			
				<b>2009</b>	
		<b>2007</b>	<b>2008</b>	<b>Forecast</b>	<b>Total</b>
Base Rate Revenue (\$) (*)	A	\$26,461,397.50	\$23,120,356.00	\$12,974,801.96	\$62,556,555.46
RSP Revenue (\$)	B	<u>(5,651,235.84)</u>	<u>(4,937,290.35)</u>	<u>(2,770,734.36)</u>	<u>(13,359,260.55)</u>
Total Revenue (\$)	C=A+B	\$20,810,161.66	\$18,183,065.65	\$10,204,067.60	\$49,197,294.91
RSP Revenue (% of Total)	D=B/C	-27.16%	-27.15%	-27.15%	-27.15%
% Impact of Base Rates	E=A/C	127.16%	127.15%	127.15%	127.15%

(\*) Revenue from Firm Energy charge.

Note: Current rates are assumed for 2009 Forecast

NP-NLH-21

**RSP Components to be charged to Industrial Customers**

Page 2 of 2

		<u>Teck Resources</u>			
		2007	2008	2009 Forecast	Total
Base Rate Revenue (\$) (*)	A	\$1,888,126.38	\$2,250,766.36	\$2,295,855.98	\$6,434,748.72
RSP Revenue (\$)	B	<u>(1,027,272.24)</u>	<u>(1,224,573.64)</u>	<u>(1,249,105.54)</u>	<u>(3,500,951.42)</u>
Total Revenue (\$)	C=A+B	\$860,854.14	\$1,026,192.72	\$1,046,750.44	\$2,933,797.30
RSP Revenue (% of Total)	D=B/C	-119.33%	-119.33%	-119.33%	-119.33%
% Impact of Base Rates	E=A/C	219.33%	219.33%	219.33%	219.33%

(\*) Revenue from Firm Energy charge.

Note: Current rates are assumed for 2009 Forecast

**RSP Components to be charged to Industrial Customers**

- 1 Q. Further to NP-NLH-16, complete the following tables comparing the Industrial rate  
2 components now in effect to pro-forma Industrial rate components with the RSP  
3 adjustment factor determined on the basis described in NP-NLH-15:

**Industrial Rates  
(excluding Teck Resources)**

	<b>Current Rate</b>	<b>Pro-forma Rate</b>	<b>Change</b>
Demand Charge (\$ per kW)			
Base Rate Energy Charge (¢ per kWh)			
RSP Adjustment Factor (¢ per kWh)			
Total Energy Charge (¢ per kWh)			

**Teck Resources Rates**

	<b>Current Rate</b>	<b>Pro-forma Rate</b>	<b>Change</b>
Demand Charge (\$ per kW)			
Base Rate Energy Charge (¢ per kWh)			
RSP Adjustment Factor (¢ per kWh)			
Total Energy Charge (¢ per kWh)			

4

5

6 A.

**Industrial Rates  
(excluding Teck Resources)**

	<b>Current Rate</b>	<b>Pro-forma Rate</b>	<b>Change</b>
Demand Charge (\$ per KW)	6.68	6.68	0.00
Base Rate Energy Charge (¢ per kWh)	3.676	3.676	0.000
RSP Adjustment Factor (¢ per kWh)	(0.785)	2.118	2.903
Total Energy Charge (¢ per kWh)	2.891	5.794	2.903

**Teck Resources**

	<b>Current Rate</b>	<b>Pro-forma Rate</b>	<b>Change</b>
Demand Charge (\$ per KW)	6.68	6.68	0.00
Base Rate Energy Charge (¢ per kWh)	3.676	3.676	0.000
RSP Adjustment Factor (¢ per kWh)	(2.000)	2.118	4.118
Total Energy Charge (¢ per kWh)	1.676	5.794	4.118

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the  
6 Board may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;  
10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather  
13 than Industrial class RSP balances which are not tied directly to each customer;  
14 and  
15 • Hydro developing a proposal regarding hydraulic stabilization."

16

17 Are Mr. Greneman and Hydro suggesting that the Board should, in this proceeding,  
18 order the development of policies and procedures that reflect the above items?

19

20

21 A. It is suggested that the Board consider ordering that, following this proceeding,  
22 Hydro, Newfoundland Power, the Industrial Customers and the Consumer  
23 Advocate, with participation of Board staff, jointly develop such policies and  
24 procedures for submission to the Board within a timeframe that would allow for a  
25 January 1, 2011 implementation.

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the  
6 Board may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;  
10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather  
13 than Industrial class RSP balances which are not tied directly to each customer;  
14 and  
15 • Hydro developing a proposal regarding hydraulic stabilization."

16  
17 Does Hydro agree that completion of the RSP Review initiated in 2007, in  
18 accordance with Order No. P.U. 8 (2007) and the 2006 Hydro GRA Settlement  
19 Agreement, is the appropriate forum to propose modifications to the policies and  
20 procedures of the RSP such as those set out in the cited passage? If not, why not?  
21 Does Hydro believe that further direction of the Board is required with respect to  
22 the RSP review?

23

24

25 A. Please see response to NP-NLH-23.

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the  
6 Board may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;  
10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather  
13 than Industrial class RSP balances which are not tied directly to each customer;  
14 and  
15 • Hydro developing a proposal regarding hydraulic stabilization."

16

17 Please explain what changes in market and fuel prices have prompted the need to  
18 change the Retail portion of the RSP as implied in the cited passage.

19

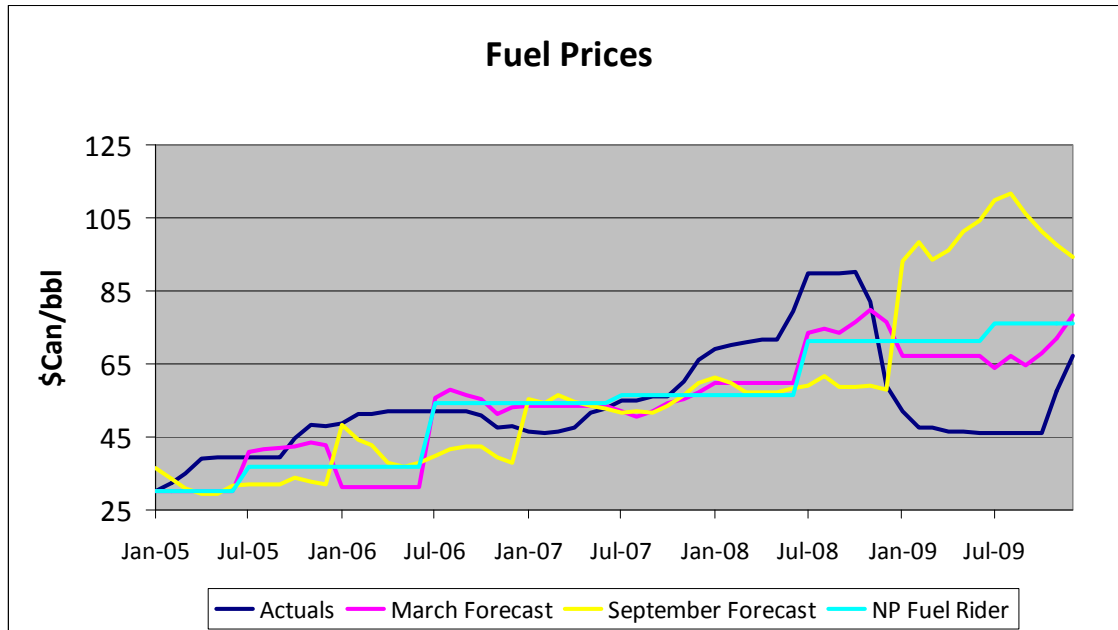
20

21 A. The unpredictability and variability of fuel prices, in particular, has prompted the  
22 need to change the Retail portion of the RSP. The chart below outlines a five-year  
23 comparison of the following variables:

- 24 (i) actual fuel prices incurred;  
25 (ii) March PIRA fuel forecast which would have been used annually in  
26 setting the Newfoundland Power fuel rider;

RSP Components to be charged to Industrial Customers

- (iii) September PIRA fuel forecast which would have been used annually in setting the Industrial Customer fuel rider; and
- (iv) the Newfoundland Power fuel rider in effect.



**Note:** The IC fuel rider has not been shown since IC rates have been frozen since January 1, 2008.

As shown in the chart, there is a marked divergence in forecast and actual fuel prices which commences around January 2008, with actual fuel prices higher than forecast, and resulting variances higher than levels seen in the earlier chart data. In 2009 there is again unprecedented volatility with, in this case, actuals being much lower than forecast and in some instances a greater than \$60.00/bbl difference in forecast and actual fuel prices.

The report titled "Review of the Rate Stabilization Plan" filed with the Board in May 2007, and in response to NP-NLH-2 in this current proceeding, outlines on Page 7, agreed upon objectives of the RSP. The first objective listed is as follows:

**RSP Components to be charged to Industrial Customers**

---

1                    *1. To provide for acceptable levels of rate and revenue stability for customers*  
2                    *and Hydro.*

3

4                    With the unprecedented volatility in fuel prices, it is Hydro's opinion that other  
5                    means be explored which would consider rate stability for customers as well as an  
6                    appropriate price signal.

7

8                    Additionally, International Financial Reporting Standards, effective in Canada on  
9                    January 1, 2011, may have an adverse impact on the current recognition of  
10                   regulatory assets and liabilities, and hence upon the RSP objective of providing  
11                   revenue or net income stability to Hydro.

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the  
6 Board may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;  
10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather  
13 than Industrial class RSP balances which are not tied directly to each customer;  
14 and  
15 • Hydro developing a proposal regarding hydraulic stabilization."

16

17 Is there a problem with the current RSP hydraulic stabilization approach? If so,  
18 please describe the problem. If not, why is Hydro suggesting development of a  
19 revised approach?

20

21

22 A. Hydro considers that all components of the RSP should be reviewed together due to  
23 their interrelationship. The hydraulic variation methodology may require revisions,  
24 in light of other potential changes to RSP components and /or the implementation  
25 of International Financial Reporting Standards on January 1, 2011.

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the  
6 Board may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;  
10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather  
13 than Industrial class RSP balances which are not tied directly to each customer;  
14 and  
15 • Hydro developing a proposal regarding hydraulic stabilization."

16

17 Is it Mr. Greneman's opinion that implementing IC RSP changes in which RSP  
18 amounts are specific to each IC necessarily requires changing the Retail portion of  
19 the RSP? Please provide detailed reasons for the response.

20

21

22 A. No. The reasons for changing the Retail portion of the RSP are outlined in the  
23 response to NP-NLH-25.

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the  
6 Board may consider ordering development of policies and procedures that reflect:

- 7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;  
10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather  
13 than Industrial class RSP balances which are not tied directly to each customer;  
14 and  
15 • Hydro developing a proposal regarding hydraulic stabilization."

16  
17 Mr. Greneman states on page 5:

18 "By invoicing NP monthly for fuel costs, it provides a timely price signal and  
19 minimizes the possibility of large reserve balances that could act to provide an  
20 inappropriate price signal".

21  
22 Given the potential for monthly fuel cost volatility at Holyrood, does Mr. Greneman  
23 believe passing such a price signal directly to retail customers would provide an  
24 acceptable level of rate stability?

**RSP Components to be charged to Industrial Customers**

---

- 1    A.    Mr. Greneman believes, as repeated in the response to NP-NLH-29, that  
2           Newfoundland Power must balance its competing rate design objectives. He also  
3           notes that Newfoundland Power's equal billing plan provides its customers with a  
4           mechanism to stabilize their cash flows, which may mitigate rate instability based  
5           on such price signals, should they be passed on directly.

1 Q. **Re: Proposed RSP Changes**

2 On page 4 and 5 of Mr. Greneman's evidence, he states:

3 "In response to PUB-NLH-24 in this proceeding, Hydro indicated that although it has  
4 not developed any specific proposals, in light of the change in markets and fuel  
5 prices the RSP may need to be substantially modified or replaced and that the Board  
6 may consider ordering development of policies and procedures that reflect:

7 • NP being invoiced monthly by Hydro for costs incurred related to fuel and, in  
8 turn, NP dealing directly with their customers on matters of retail price signal  
9 and customer billing and payment options;

10 • Hydro dealing directly with its IC and giving consideration to such matters as  
11 price signal, and payment options, as well as having RSP amounts become  
12 accounts receivable or accounts payable from/to each IC each month rather than  
13 Industrial class RSP balances which are not tied directly to each customer; and

14 • Hydro developing a proposal regarding hydraulic stabilization."

15

16 Does Mr. Greneman accept that under the monthly invoicing approach  
17 Newfoundland Power would have to develop its own pricing mechanism to continue  
18 to provide acceptable levels of rate stability for customers? Does Mr. Greneman  
19 believe that such a pricing mechanism should include a fuel rider similar to the  
20 current mechanism?

21

22

23 A. With regard to a rate stability mechanism, whether or not inclusive of a fuel rider,  
24 Mr. Greneman agrees that under the monthly invoicing approach, NP would need to  
25 develop its own mechanism and in doing so, will enable the company to tailor its  
26 desired level of rate stability, balanced against the pass-through of timely price  
27 signals to its customers.

1 Q. **Re: Changes in Load Variation Component Allocation**

2 Hydro is recommending that the portion of the RSP IC class balance from January 1,  
3 2007 to current resulting from the Load Variation Transfers be allocated between  
4 Newfoundland Power and the Industrial Customers based on energy ratios (see the  
5 responses to PUB-NLH-15 and CA-NLH-26).

6

7 Please confirm that Mr. Greneman agrees with this approach.

8

9

10 A. Mr. Greneman agrees that the Board should consider this approach.

1 Q. **Re: Changes in Load Variation Component Allocation**

2 Provide a comparison of the December 31, 2010 forecast monthly RSP balances in  
3 the Industrial and Retail Plan related to the load variation component for the period  
4 January 1, 2007 to December 31, 2010, using both the existing approach to  
5 computing the load variation component and an allocation approach for the load  
6 variation component based on energy ratios. If possible, please include estimated  
7 interest effects.

8

9

10 A. The following table provides a comparison of the RSP balances in the Industrial and  
11 Retail Plan related to the load variation component for the period January 1, 2007  
12 to December 31, 2010, using both the existing approach to computing the load  
13 variation component and an allocation approach for the load variation component  
14 based on energy ratios. Interest effects are included. It assumes no refund or  
15 recovery of the balance and shows only the difference in balances under the  
16 existing and allocation approaches.

17

Year	Retail Load Variation (\$)		Industrial Load Variation (\$)	
	Existing Approach	Allocation Approach	Existing Approach	Allocation Approach
2007	254,257	(5,326,309)	(6,392,937)	(768,936)
2008	244,906	(15,165,000)	(17,584,688)	(2,048,606)
2009	96,787	(41,198,456)	(45,606,008)	(3,969,455)
2010F	74,966	(67,861,450)	(74,483,711)	(5,987,263)

1    Q.    **Re: Changes in Load Variation Component Allocation**

2            Based on the draft order submitted with the Application on June 30, 2009, it  
3            appears that Hydro is requesting that the Board make final the current interim rates  
4            charged to the Industrial Customers other than Teck Cominco Limited ("Teck"), and  
5            that those final rates should also be approved as final rates to Teck, effective July 1,  
6            2009. Is this correct?

7

8

9    A.    Yes, this is correct.

1     Q.     **Re: Changes in Load Variation Component Allocation**

2           In Mr. Brockman's evidence, he indicated he would take no issue with the Board  
3           approving the current IC rates as final for 2008 and 2009, subject to the RSP  
4           balances being revised to reflect the use of energy ratios for the load variation  
5           component (see page 31, Brockman Evidence). Does Mr. Greneman agree that the  
6           Board's approval of final rates for the Industrial Customers should include an order  
7           reallocating the RSP balances in the manner suggested by Mr. Brockman?

8

9

10    A.     Mr. Greneman agrees that the Board's approval of final rates for the Industrial  
11           Customers should include an order reallocating the RSP load variation components  
12           using energy ratios.

1     **Q.     Re: Changes in Load Variation Component Allocation**

2             Please provide an update to NP-NLH-15 using the fuel rider calculated based on the  
3             Rate Stabilization Plan Fuel Price Projection - IC (filed with the Board on October 16,  
4             2009) and a recovery factor based on the forecast December 31, 2010 RSP balance  
5             in the Industrial RSP, excluding the cumulative portion related to the Industrial RSP  
6             load variation component. In the calculation, please assume the 2010 year-end  
7             hydraulic balance will equal the balance at January 31, 2010.

8

9

10    **A.**     Please find attached an update to NP-NLH-15 using the fuel rider calculated based  
11             on the Rate Stabilization Plan Fuel Price Projection - IC (filed with the Board on  
12             October 16, 2009) and a recovery factor based on the forecast December 31, 2010  
13             RSP balance in the Industrial RSP, excluding the cumulative portion related to the  
14             Industrial RSP load variation component. The calculation assumes the 2010 year-  
15             end hydraulic balance will equal the balance at January 31, 2010.

**IC-NLH-22, Attachment 1, Page 348 of 541**  
**2013 RSP Application**

NP-NLH-34  
Page 2 of 3

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN RECOVERY  
Industrial Customers

December, 2010

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Current Plan</u>		
1	December Balance	\$ (58,903,818)	December RSP, Page 11
2	Less: December 31, 2010 Load Variation	\$ (74,483,711)	
3	Forecast Financing Costs to December 31, 2011	\$ 619,964	Line 26
4	Total	\$ 16,199,857	Line 1 plus Line 2
5	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	408,500,000	December RSP, Page 9
6	(mills per kWh)	39.66	Line 3/Line 4*1000
7	Fuel Price Projection Rider		
8	Industrial Fuel Price Projection	\$ 3,743,238	Page 3, Line 7
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	408,500,000	December RSP, Page 9
10	(mills per kWh)	9.16	Line 7/Line 8*1000
11	Total Current Plan (mills per kWh)	<u>48.82</u>	Line 6 plus Line 10

**Industrial Customer Forecast Financing Charges**  
2011

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
Nominal Financing Rate 7.281%

	2010 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
12				15,579,893
13	Balance Forward			14,270,460
14	January	35,400,000	94,531	(1,403,964)
15	February	31,900,000	86,586	(1,265,154)
16	March	35,100,000	79,435	(1,392,066)
17	April	34,200,000	71,471	(1,356,372)
18	May	35,200,000	63,675	(1,396,032)
19	June	33,900,000	55,590	(1,344,474)
20	July	35,200,000	47,770	(1,396,032)
21	August	35,200,000	39,590	(1,396,032)
22	September	27,400,000	31,359	(1,086,684)
23	October	35,400,000	24,956	(1,403,964)
24	November	34,400,000	16,589	(1,364,304)
25	December	35,200,000	8,412	(1,396,032)
26	Total	<u>408,500,000</u>	<u>619,964</u>	<u>(16,201,110)</u>

**IC-NLH-22, Attachment 1, Page 349 of 541**  
**2013 RSP Application**

NP-NLH-34  
Page 3 of 3

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
Industrial Customers

October, 2009

Line

No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 81.05	
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 25.65	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	1,878,188	Note 3
5	Forecast Fuel Variance	\$ 48,175,522	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	7.77%	From Line 11
7	Industrial Customer Allocation September	\$ 3,743,238	Line 5 x Line 6

		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Oct 2008 - Sep 2009) Utility Sales	4,999,960,523	85.27%	6.20%	91.47%
9	12 months to date (Oct 2008 - Sep 2009) Industrial Customer Sales	488,905,941			
10	Less: Reduction in Industrial Sales due to Abitibi closure <sup>(1)</sup>	(33,373,300)			
11	Revised 12 months to date (Oct 2008 - Sep 2009) Industrial Customer Sales	455,532,641	7.77%	0.00%	7.77%
12	12 months to date (Oct 2008 - Sep 2009) Bulk Rural Energy	408,071,177	6.96%	-6.96%	0.00%
13	Total	5,863,564,341			

**Estimate of Industrial Fuel Price Projection Rider**

Rate Rider

	Amount	Comments
14	Industrial Allocation September	\$ 3,743,238 From Line 7
15	12 months to date Industrial Sales (kWh)	455,532,641 From Line 11
16	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(2)</sup>	8.22 Line 14/Line 15 x 1000

<sup>(1)</sup> Effective February 12, 2009, Abitibi Consolidated (Grand Falls) closed. For the 12 months to date (October 2008 - September 2009) Industrial sales are reduced by 33,373,300 kWh to reflect the reduction in Abitibi load.

<sup>(2)</sup> The Industrial allocation of \$3,743,238 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2009.

<sup>(3)</sup> Test Year Barrels reduced for Industrial Customers in the same manner as approved for Newfoundland Power in Section C2 of the RSP Rules.

2007 Test Year Barrels of No. 6. Fuel to be consumed at Holyrood	2,467,396
Approved Reduction	(589,208)
Revised Test Year Barrels	1,878,188

1    Q.    **Re: Changes in Load Variation Component Allocation**

2            Provide the customer rate impact for each Industrial Customer of implementing  
3            final Industrial Customer rates, effective January 1, 2011, based on the fuel rider  
4            and recovery factor derived in NP-NLH-34 combined with the existing Industrial  
5            Customer base rates that resulted from Order No. P.U. 8 (2007).

6

7

8    A.    All Industrial Customers, with the exception of Teck Resources Limited, will  
9            experience a rate increase of 145 percent if the final industrial rate based on the  
10           RSP factor derived in NP-NLH-34 is implemented. Teck Resources will experience a  
11           256 percent increase.

1    Q.    **Re: Changes in Load Variation Component Allocation**

2            Please estimate the January 1, 2011 rate increase for each Industrial Customer  
3            based upon the normal operation of the RSP assuming the 2010 forecast year end  
4            balances are adjusted to reflect the use of energy ratios for the load variation  
5            component effective January 1, 2007. In the calculation, please use the IC fuel price  
6            projection filed with the Board on October 16, 2009 and the balance in the RSP  
7            hydraulic component at January 31, 2010.

8

9

10    A.    All Industrial Customers, with the exception of Teck Resources Limited, will  
11            experience a rate increase of 106 percent assuming the normal operation of the  
12            RSP, adjustment of the 2010 forecast year end balances to reflect the use of energy  
13            ratios for the load variation component effective January 1, 2007, the IC fuel price  
14            projection filed with the Board on October 16, 2009, and the balance in the RSP  
15            hydraulic component at January 31, 2010. Teck Resources will experience a 199  
16            percent increase.

1     **Q.     Re: Changes in Load Variation Component Allocation**

2             Please estimate the January 1, 2011 rate increase for each Industrial Customer  
3             assuming the 2010 forecast year end balances are adjusted to reflect the use of  
4             energy ratios for the load variation component, effective January 1, 2007, and  
5             assuming a 100% disposition of the hydraulic stabilization component. In the  
6             calculation, please use the IC fuel price projection filed with the Board on October  
7             16, 2009 and the balance in the RSP hydraulic component at January 31, 2010.

8

9

10    **A.**     All Industrial Customers, with the exception of Teck Resources Limited, will  
11             experience a rate increase of 93 percent assuming the 2010 forecast year end  
12             balances are adjusted to reflect the use of energy ratios for the load variation  
13             component, effective January 1, 2007, assuming a 100% disposition of the hydraulic  
14             stabilization component, the IC fuel price projection filed with the Board on  
15             October 16, 2009, and the balance in the RSP hydraulic component at January 31,  
16             2010. Teck Resources will experience a 180 percent increase.

1 Q. **Re: Changes in Load Variation Component Allocation**

2 Does Mr. Greneman believe it may be reasonable to use a greater portion of the  
3 RSP hydraulic credit balance to help in managing the rate impact on Industrial  
4 Customers? Please provide a detailed explanation for the response.  
5  
6

7 A. Mr. Greneman is unaware of any immediate rate impact on Industrial Customers.  
8 The basic premise of the existing hydraulic variation component of the RSP is based  
9 on long-term hydraulic variations tending to zero over time. Impairing this basic  
10 premise presently regarding the RSP balance, is the fact that each time a new Test  
11 Year price of fuel is approved a different value is introduced to increase or reduce  
12 the then existing RSP hydraulic balance. External intervention, such as using a  
13 portion of the RSP hydraulic credit balance to help in managing rate impacts, as was  
14 agreed to during the 2006 GRA, would further interfere with the objective of the  
15 RSP balance tending to zero over time.

1 Q. Under Section 3 of the EPCA, *"It is declared to be the policy of the province that*  
2 *(a) the rates to be charged, either generally or under specific contracts, for the*  
3 *supply of power within the province*  
4 *(i) should be reasonable and not unjustly discriminatory,*  
5 *(ii) should be established, wherever practicable, based on forecast costs for that*  
6 *supply of power for 1 or more years...*  
7 *(b) all sources and facilities for the production, transmission and distribution of*  
8 *power in the province should be managed and operated in a manner...*  
9 *(iii) that would result in power being delivered to consumers in the province at*  
10 *the lowest possible cost consistent with reliable service."*  
11

12 According to the Application Hydro was aware in December 2007 that the normal  
13 operation of the Rate Stabilization Plan, as it had been approved by the Board,  
14 *"...could cause significant rate volatility for the Island Industrial Customers."* As the  
15 interim rates requested at that time were not based on either test year costs or on  
16 a methodology that has been approved by the Board, and as Hydro has now applied  
17 to finalize these rates, please give the rationale as to why these interim rates can be  
18 considered reasonable, as required under the EPCA.  
19  
20

21 A. Section 4 of the EPCA reads as follows:  
22

23 ***Implementing Policy***

24 *4. In carrying out its duties and exercising its powers under this Act or under the*  
25 *Public Utilities Act , the public utilities board shall implement the power policy*  
26 *declared in section 3, and in doing so shall apply tests which are consistent with*  
27 *generally accepted sound public utility practice.*

1  
2 Applying generally accepted sound public utility practice requires an adherence to  
3 the principles of rate design. It is well recognized that good rate design takes into  
4 consideration its sometime competing objectives – for instance, an overly strict  
5 adherence to the cost causality principle may give an outcome that is considered  
6 harsh, heavy handed, or unfair. Thus, rate design outcomes such as lifeline rates  
7 are sometimes implemented to ensure that a basic amount of electricity can be  
8 available to everyone at an affordable price, even though lifeline rates are known to  
9 under recover the costs incurred in providing that level of service.

10  
11 The following is an excerpt from direct testimony given before this Board in the  
12 1992 Referral by Newfoundland and Labrador Hydro for the Proposed Cost of  
13 Service Methodology, per Dr. Robert Sarikas, being examined by Geoffrey Young  
14 (transcript, September 14, 1992, tape # 004, page 2):

15  
16 *Q. Will you please discuss the relationship between rate design*  
17 *objectives or goals and ratemaking methodologies?*

18  
19 *A. Possible goals or objectives of rate design include at least the following:*  
20 *meeting the annual revenue requirement, equity or fairness, economic*  
21 *efficiency, simplicity and understanding of the rate form, conservation of*  
22 *resources, stability, social goals, administrative ease, employment, and the*  
23 *protection of the environment. While the rate designer may not give weight*  
24 *to all of these objectives, indeed many of them are conflicting, they have*  
25 *been espoused as goals of rate design in rate proceedings and published*  
26 *articles. Methodologies include cost analysis both embedded and marginal,*  
27 *along with various methods of allocation useful in fully distributed cost*  
28 *studies, and market studies useful in assessing value of service. Rate forms*

**RSP Components to be charged to Industrial Customers**

---

1            *useful in rate design include flat rates, declining block rates, inverted rates,*  
2            *Hopkinson and Wright demand rates, and combinations thereof. These*  
3            *methodologies and rate forms are tools of rate design that are useful in*  
4            *working toward one or more of the above objectives or goals. As an*  
5            *example, any effort to achieve economic efficiency through rate design*  
6            *would call for the use of marginal cost analysis or the use of allocation*  
7            *methodologies in embedded cost of service studies that give weight to cost*  
8            *behaviour. Emphasis on the goal of fairness, particularly if fairness is defined*  
9            *as giving weight to allocated costs, may suggest one of the numerous*  
10           *methods of capacity cost allocation. Thus, methods themselves are not right*  
11           *or wrong per se. They are only proper or improper, measured in terms of*  
12           *how they aid in attaining the desired objectives.*

13  
14           In the Board's February 1993 Report arising from the Referral by Newfoundland and  
15           Labrador Hydro for the Proposed Cost of Service Methodology, the Board referred  
16           to a response to an Information Request (GCB-14(a)) provided by Dr. Sarikas where  
17           he said:

18  
19           *Rate design objectives were said to include: meeting the revenue*  
20           *requirement, fairness, economic efficiency, simplicity and ease of*  
21           *understanding, conservation of resources, stability and gradualism, social*  
22           *goals, administrative ease, employment, and protection of the environment.*

23  
24  
25           Among the generally accepted rate making objectives, as referenced by Bonbright  
26           and others, is stability or the avoidance of rate volatility. Fuel adjustment formulas  
27           are regulatory devices designed to assist customers and utilities to account for the  
28           impacts of sudden changes in commodity prices, weather, hydrology, etc. The RSP

**RSP Components to be charged to Industrial Customers**

---

1 was designed to smooth the rate volatility that would be occasioned by the direct  
2 reflection in rates of changes in fuel prices and other energy cost factors.

3 Unfortunately, due to the unanticipated sharp decreases in Industrial Customer  
4 consumption in recent years due to the closure of the Abitibi paper mills and the  
5 reduction in production at the Corner Brook mill, the effect of the RSP has been to  
6 cause, not mitigate, rate volatility. Ensuring that the RSP achieved its intended  
7 effect has required a number of RSP rule changes over the years and, on one  
8 occasion, has required the infusion of \$10 million from the Government.

9  
10 Retaining rates at present levels during these times of extreme volatility in the  
11 Industrial Customer class load has the advantage of achieving rate stability. This is  
12 preferable to changing rates in accordance with the RSP rules that would otherwise  
13 apply which would result in unprecedented instability in rates. (Refer to the charts  
14 shown in Hydro's covering letter to its Application.) Additionally, freezing rates has  
15 also allowed a period of time where further changes in the pulp and paper sector  
16 load have become known. This additional time has allowed an opportunity to  
17 further analyze and review the fairness of the allocation of the windfall savings  
18 reflected in the Industrial Customers RSP load variation. Please also refer to NP-  
19 NLH-9.

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide the Industrial Fuel Price Projection that was required by Section C of  
2 the Rate Stabilization Plan for October 2007 and October 2008.

3  
4

5 A. Section C of the Rate Stabilization Plan (RSP) requires that a fuel price projection be  
6 calculated to anticipate forecast fuel price changes and to determine fuel riders for  
7 rate adjustments. For Industrial Customers, this occurs in October of each year, for  
8 inclusion with the RSP adjustment effective January 1. Please refer to the following  
9 pages for the October 2007 Industrial Fuel Price Projection and for the October  
10 2008 Industrial Fuel Price Projection. Note that the attached Fuel Price Projection  
11 calculations assume the Board would have approved the adjustments to Test Year  
12 barrels of No. 6 fuel similar to those approved in Order No. P.U. 11 (2008) for  
13 Newfoundland Power's July 1, 2008 RSP rate.

**IC-NLH-22, Attachment 1, Page 359 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
 Industrial Customers

**PUB-NLH-2**  
**Page 2 of 5**

October, 2007

Line

No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 58.85	From Page 3
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 3.45	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	Line 23
5	Forecast Fuel Variance	\$ 7,397,007	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	10.28%	From Line 9
7	Industrial Customer Allocation September	\$ 760,412	Line 5 x Line 6

	kWh	Percent of Total	Allocation of Rural	Total
8 12 months to date (Oct 2006 - Sep 2007) Utility Sales	4,890,302,421	83.03%	5.96%	88.99%
9 12 months to date (Oct 2006 - Sep 2007) Industrial Customer Sales	802,684,145	10.28%	0.00%	10.28%
10 Less: Forecast reduction in CBPP load for 2008 <sup>(1)</sup>	(197,500,000)			
11 Revised 12 months to date (Oct 2006 - Sep 2007) Industrial Customer Sales	605,184,145			
12 12 months to date (Oct 2006 - Sep 2007) Bulk Rural Energy	394,303,282	6.69%	-6.69%	0.00%
13 Total	5,889,789,848			

**Estimate of Industrial Fuel Price Projection Rider**  
**Rate Rider**

	Amount	Comments
14 Industrial Allocation September	\$ 760,412	From Line 7
15 12 months to date Industrial Sales (kWh)	605,184,145	From Line 11
16 Estimated Fuel Price Projection Rider (mills per kWh) <sup>(2)</sup>	1.26	Line 14/Line 15 x 1000

<sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 197,500,000 kWh in CBPP load for 2008.

<sup>(2)</sup> The Industrial allocation of 760,412 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2007.

**2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load**

17 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,467,396
18 Forecast reduction in CBPP load for 2008	197,500,000	
19 2007 Test Year Transmission Loss Percentage	3.14%	
20 CBPP reduced kWh	203,701,500	
21 Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630	
22 Barrels Displaced at Holyrood due to CBPP load reduction	323,336	(323,336)
23 Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,144,060

NEWFOUNDLAND AND LABRADOR HYDRO  
Fuel Price Projection  
As at September 28, 2007

PUB-NLH-2  
Page 3 of 5

	\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>	
2008 January	59.90
February	58.50
March	56.00
April	56.10
May	56.00
June	57.10
July	58.00
August	60.20
September	57.60
October	57.40
November	57.70
December	56.90
Average \$US/bbl <sup>(2)</sup>	57.60
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$57.38
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>	<u>1.0254</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>	<u>\$58.85</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 28, 2007.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2007, rounded to 4 decimal places.

**IC-NLH-22, Attachment 1, Page 361 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
 Industrial Customers

**PUB-NLH-2**  
**Page 4 of 5**

October, 2008

Line

No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 100.65	From Page 5
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 45.25	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	Line 23
5	Forecast Fuel Variance	\$ 97,018,715	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	10.44%	From Line 9
7	Industrial Customer Allocation September	\$ 10,128,754	Line 5 x Line 6

		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Oct 2007 - Sep 2008) Utility Sales	5,010,044,656	82.76%	6.06%	88.82%
9	12 months to date (Oct 2007 - Sep 2008) Industrial Customer Sales	648,919,073	10.44%	0.00%	10.44%
10	Less: Forecast reduction in CBPP load for 2008 <sup>(1)</sup>	(16,900,000)			
11	Revised 12 months to date (Oct 2007 - Sep 2008) Industrial Customer Sales	632,019,073			
12	12 months to date (Oct 2007 - Sep 2008) Bulk Rural Energy	411,961,865	6.80%	-6.80%	0.00%
13	Total	6,054,025,594			

**Estimate of Industrial Fuel Price Projection Rider**  
Rate Rider

	Amount	Comments
14	Industrial Allocation September	\$ 10,128,754 From Line 7
15	12 months to date Industrial Sales (kWh)	632,019,073 From Line 11
16	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(3)</sup>	16.03 Line 14/Line 15 x 1000

<sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 16,900,000 kWh in CBPP load for the remainder of 2008.

<sup>(3)</sup> The Industrial allocation of \$10,128,754 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2008.

**2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load**

17	2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood, adjusted as for NP		2,467,396
18	Forecast reduction in CBPP load for 2008	197,500,000	
19	2007 Test Year Transmission Loss Percentage	3.14%	
20	CBPP reduced kWh	203,701,500	
21	Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630	
22	Barrels Displaced at Holyrood due to CBPP load reduction	323,336	(323,336)
23	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,144,060

NEWFOUNDLAND AND LABRADOR HYDRO  
Fuel Price Projection  
As at September 30, 2008

PUB-NLH-2  
Page 5 of 5

	\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>	
2009 January	88.30
February	93.00
March	88.50
April	90.90
May	96.00
June	98.70
July	103.90
August	105.90
September	100.50
October	95.80
November	92.60
December	89.30
Average \$Cdn/bbl <sup>(2)</sup>	95.30
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$95.08
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>	<u>1.0583</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>	<u>\$100.65</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 30, 2008.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2008, rounded to 4 decimal places.

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide the Rate Stabilization Plan adjustments that would have become  
2 effective on January 1, 2008 and January 1, 2009 if interim rates had not been  
3 implemented on those dates, and if the approved methodology had been used.  
4  
5

6 A. Had interim rates not been implemented, the Rate Stabilization Plan adjustment  
7 that would have come into effect on January 1, 2008 is shown on page 2 of 5 and  
8 the Rate Stabilization Plan adjustment that would have come into effect on January  
9 1, 2009 is shown on page 4 of 5. The attached calculations assume that Teck  
10 Resources Ltd. would have been paying the same current plan rate as the other  
11 Industrial Customers effective January 1, 2008 upon cessation of the Historical Plan.

**IC-NLH-22, Attachment 1, Page 364 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN RECOVERY  
Industrial Customers

PUB-NLH-3  
Page 2 of 5

December, 2007

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Current Plan</u>		
1	December Balance	\$ (8,828,968)	Page 3 of 5
2	Forecast Financing Costs to December 31, 2008	\$ (342,742)	Line 25
3	Total	\$ (9,171,710)	Line 1 plus Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	771,198,558	December RSP, Page 9
5	Less: Forecast reduction in CBPP sales <sup>(1)</sup>	(165,300,000)	
6		divided by 605,898,558	
7	Current Plan (mills per kWh)	(15.14)	Line 3/Line 6*1000
	<u>Fuel Price Projection Rider</u>		
8	Industrial Fuel Price Projection	\$ 760,412	PUB-NLH-2 Page 2 of 5, Line 14
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	divided by 605,898,558	Line 6
10	Fuel Rider (mills per kWh)	1.26	Line 8/Line 9*1000
11	Industrial RSP Adjustment Rate (mills per kWh)	(13.88)	Line 7 plus Line 10

**Industrial Customer Forecast Financing Charges**  
2008

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
Nominal Financing Rate 7.281%

	2007Month Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
12	Balance Forward			(8,828,968)
13	January	47,761,303	(53,570)	723,106
14	February	48,724,850	(49,507)	737,694
15	March	58,718,369	(45,332)	888,996
16	April	52,192,990	(40,213)	790,202
17	May	58,231,721	(35,662)	881,628
18	June	56,293,859	(30,529)	852,289
19	July	54,283,392	(25,543)	821,851
20	August	56,087,173	(20,712)	849,160
21	September	41,315,785	(15,685)	625,521
22	October	32,172,646	(11,985)	487,094
23	November	46,331,086	(9,102)	701,453
24	December	53,785,383	(4,901)	814,311
25	Total	605,898,557	(342,742)	9,173,304

**IC-NLH-22, Attachment 1, Page 365 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2007**

**PUB-NLH-3**  
**Page 3 of 5**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing	Adjustment <sup>(1)</sup>	Cumulative
	Variation	Fuel Variance	Monthly	Charges		Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(14,406,474)
January	(671,353)	(208,922)	(880,275)	(87,411)	1,293,226	(14,080,934)
February	(319,478)	(254,748)	(574,226)	(85,436)	1,291,104	(13,449,492)
March	(50,330)	(319,382)	(369,712)	(81,605)	1,512,367	(12,388,442)
April	(364,389)	(228,179)	(592,568)	(75,167)	1,369,860	(11,686,317)
May	288,748	(105,927)	182,821	(70,907)	1,502,634	(10,071,769)
June	(59,984)	(37,158)	(97,142)	(61,110)	1,451,877	(8,778,144)
July	(314,138)	8,081	(306,057)	(53,261)	1,423,668	(7,713,794)
August	(244,325)	(9,696)	(254,021)	(46,803)	1,459,743	(6,554,875)
September	(804,874)	4,755	(800,119)	(39,772)	1,136,316	(6,258,450)
October	(1,262,396)	48,393	(1,214,003)	(37,973)	981,453	(6,528,973)
November	(1,384,091)	149,561	(1,234,530)	(39,615)	926,622	(6,876,496)
December	(1,075,467)	230,884	(844,583)	(41,724)	1,075,708	(6,687,095)
Year to date	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	7,719,379
Hydraulic allocation - page 4						(758,949)
2003 industrial plan balance Note 2						(1,382,924)
Total	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	(8,828,968)

(1) The RSP adjustment rate for Industrial Customers is 2.000 cents per kWh effective January 1, 2007.

(2) The balance of the December 2003 Plan related to Industrial customers will be recovered during 2008 as a component of the Current Plan in accordance with the Section E of the Rate Stabilization Plan Rules.

**IC-NLH-22, Attachment 1, Page 366 of 541**  
**2013 RSP Application**

NEWFOUNDLAND AND LABRADOR HYDRO  
 RATE STABILIZATION PLAN RECOVERY  
 Industrial Customers

**PUB-NLH-3**  
**Page 4 of 5**

December, 2008

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Current Plan</u>		
1	December Balance	\$ (8,464,900)	Page 5
2	Forecast Financing Costs to December 31, 2009	\$ (347,725)	Line 23
3	Total	\$ (8,812,625)	Line 1 plus Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	690,182,871	December RSP, Page 9
5	Current Plan (mills per kWh)	(12.77)	Line 3/Line 4*1000
	<u>Fuel Price Projection Rider</u>		
6	Industrial Fuel Price Projection	\$ 10,128,754	PUB-NLH-2 Page 4 of 5, Line 14
7	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	690,182,871	Line 4
8	Fuel Rider (mills per kWh)	14.68	Line 6/Line 7*1000
9	Industrial RSP Adjustment Rate	1.91	Line 5 plus Line 8

**Industrial Customer Forecast Financing Charges**  
 2009

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
 Nominal Financing Rate 7.281%

	2008Month Sales kWh	Financing Costs	Adjustment	Total To Date Balance
10	Balance Forward			(8,464,900)
11	January	51,079,860	(51,361)	652,290
12	February	52,387,448	(47,715)	668,988
13	March	55,240,151	(43,945)	705,417
14	April	59,372,548	(39,932)	758,187
15	May	57,229,347	(35,574)	730,819
16	June	56,004,405	(31,355)	715,176
17	July	57,664,475	(27,206)	736,375
18	August	56,228,407	(22,903)	718,037
19	September	54,523,317	(18,685)	696,263
20	October	61,772,188	(14,574)	788,831
21	November	68,895,119	(9,876)	879,791
22	December	59,785,606	(4,598)	763,462
23	Total	690,182,871	(347,725)	8,813,635

**IC-NLH-22, Attachment 1, Page 367 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-08**

**PUB-NLH-3**  
**Page 5 of 5**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>1</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(8,828,968)
January	(1,339,888)	578,004	(761,884)	(53,570)	708,988	(8,935,434)
February	(927,720)	511,893	(415,827)	(54,216)	727,138	(8,678,339)
March	(1,095,157)	391,847	(703,310)	(52,656)	766,733	(8,667,572)
April	(832,010)	303,113	(528,897)	(52,590)	824,091	(8,424,968)
May	(629,138)	208,533	(420,605)	(51,118)	794,343	(8,102,347)
June	(885,012)	34,150	(850,862)	(49,161)	777,341	(8,225,029)
July	(986,462)	(33,532)	(1,019,994)	(49,905)	800,383	(8,494,545)
August	(1,077,773)	(51,982)	(1,129,755)	(51,541)	780,450	(8,895,391)
September	(918,884)	(7,671)	(926,555)	(53,973)	756,784	(9,119,135)
October	(629,410)	427,738	(201,672)	(55,330)	857,398	(8,518,739)
November	(259,428)	741,920	482,492	(51,687)	956,264	(7,131,670)
December	(734,300)	55,095	(679,205)	(43,271)	829,824	(7,024,322)
Year to date	(10,315,182)	3,159,108	(7,156,074)	(619,018)	9,579,738	1,804,646
Hydraulic allocation						(1,440,578)
2003 industrial plan balance Note 2						0
Total	(10,315,182)	3,159,108	(7,156,074)	(619,018)	9,579,738	(8,464,900)

(1) The RSP adjustment rate for Industrial Customers is 1.388 cents per kWh effective January 1, 2008.

**RSP Components to be charged to Industrial Customers**

---

1 Q. If the Rate Stabilization Plan adjustments to Industrial Customers implemented on  
2 January 1, 2008 and on January 1, 2009 had been in accordance with the approved  
3 Rate Stabilization Plan, what would be the actual balance in the Plan of the  
4 Industrial Customers as of June 30, 2009?

5

6

7 A. If the Rate Stabilization Plan adjustments to Industrial Customers implemented on  
8 January 1, 2008 and on January 1, 2009 had been in accordance with the approved  
9 Rate Stabilization Plan, the actual balance in the Plan of the Industrial Customers as  
10 of June 30, 2009 would be \$22,257,065. Please see the attached for the Rate  
11 Stabilization Plan Summary of Industrial Customers for the years 2008 and 2009  
12 Forecast had adjustments been implemented in accordance with the approved Rate  
13 Stabilization Plan.

**IC-NLH-22, Attachment 1, Page 369 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-08**

**PUB-NLH-4**  
**Page 2 of 3**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>1</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
	<b>(from page 9)</b>	<b>(from page 7)</b>				<b>(to page 12)</b>
Opening Balance						(8,828,968)
January	(1,339,888)	578,004	(761,884)	(53,570)	708,988	(8,935,434)
February	(927,720)	511,893	(415,827)	(54,216)	727,138	(8,678,339)
March	(1,095,157)	391,847	(703,310)	(52,656)	766,733	(8,667,572)
April	(832,010)	303,113	(528,897)	(52,590)	824,091	(8,424,968)
May	(629,138)	208,533	(420,605)	(51,118)	794,343	(8,102,347)
June	(885,012)	34,150	(850,862)	(49,161)	777,341	(8,225,029)
July	(986,462)	(33,532)	(1,019,994)	(49,905)	800,383	(8,494,545)
August	(1,077,773)	(51,982)	(1,129,755)	(51,541)	780,450	(8,895,391)
September	(918,884)	(7,671)	(926,555)	(53,973)	756,784	(9,119,135)
October	(629,410)	427,738	(201,672)	(55,330)	857,398	(8,518,739)
November	(259,428)	741,920	482,492	(51,687)	956,264	(7,131,670)
December	(734,300)	55,095	(679,205)	(43,271)	829,824	(7,024,322)
Year to date	(10,315,182)	3,159,108	(7,156,074)	(619,018)	9,579,738	1,804,646
Hydraulic allocation						(1,440,578)
Total	(10,315,182)	3,159,108	(7,156,074)	(619,018)	9,579,738	(8,464,900)

(1) The RSP adjustment rate for Industrial Customers is 1.388 cents per kWh effective January 1, 2008.

**IC-NLH-22, Attachment 1, Page 370 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-09**

**PUB-NLH-4**  
**Page 3 of 3**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	
	Load	Allocation	Subtotal	Financing		Cumulative	
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>1</sup>	Net	Comments
	(\$)	(\$)	Variances	(\$)	(\$)	Balance	
			<b>(A + B)</b>				
	<b>(from page 9)</b>	<b>(from page 7)</b>				<b>(to page 12)</b>	
Opening Balance						(8,464,900)	PUB-NLH-3, Page 5 of 5
January	(1,361,201)	(127,286)	(1,488,487)	(51,361)	(96,736)	(10,101,484)	
February	(1,401,471)	(217,286)	(1,618,757)	(61,291)	(82,004)	(11,863,535)	
March	(1,809,433)	(200,529)	(2,009,962)	(71,982)	(78,900)	(14,024,379)	
April	(2,936,566)	(125,496)	(3,062,062)	(85,093)	(35,002)	(17,206,536)	
May	(2,543,731)	(19,529)	(2,563,260)	(104,401)	(37,985)	(19,912,181)	
June	(2,176,693)	9,987	(2,166,706)	(120,817)	(57,360)	(22,257,065)	
July	(2,158,372)	28,546	(2,129,826)	(135,045)	(65,131)	(24,587,067)	
August	(2,183,238)	26,439	(2,156,799)	(149,182)	(64,940)	(26,957,988)	
September	(2,004,202)	26,413	(1,977,789)	(163,568)	(62,457)	(29,161,802)	
October	(1,968,805)	(23,440)	(1,992,245)	(176,939)	(66,659)	(31,397,645)	
November	(1,983,758)	93,100	(1,890,658)	(190,505)	(65,513)	(33,544,321)	
December	(2,183,387)	138,372	(2,045,015)	(203,530)	(65,513)	(35,858,379)	
Year to date	(24,710,857)	(390,709)	(25,101,566)	(1,513,714)	(778,199)	(27,393,479)	
Hydraulic allocation						(315,222)	
Balance of historic plan						0	
Total	(24,710,857)	(390,709)	(25,101,566)	(1,513,714)	(778,199)	(36,173,601)	

(1) The RSP adjustment rate for Industrial Customers is (0.191) cents per kWh effective January 1, 2009.

**RSP Components to be charged to Industrial Customers**

---

1 Q. Using the Rate Stabilization Plan adjustments set out in PUB – NLH – 3, what is the  
2 current forecast of the balance that will be in the Plan of the Industrial Customers  
3 as of December 31, 2009?  
4  
5

6 A. Using the Rate Stabilization Plan adjustments set out in PUB-NLH-3, the current  
7 forecast of the balance that will be in the Plan of the Industrial Customers as of  
8 December 31, 2009 is \$36,173,601. Please see PUB-NLH-4 for the Rate Stabilization  
9 Plan Summary of Industrial Customers for the 2009 forecast had adjustments been  
10 implemented as set out in PUB-NLH-3.

**RSP Components to be charged to Industrial Customers**

---

1 Q. At what point in 2007 did the net balance in the Rate Stabilization Plan attributable  
2 to the Industrial Customers, including the Historical Plan, the Current Plan and the  
3 Hydraulic Variation, cease being an amount owed by the Industrial Customers and  
4 become a credit balance?

5

6

7 A. The net balance in the Rate Stabilization Plan attributable to the Industrial  
8 Customers, including the Historical Plan, the Current Plan and the Hydraulic  
9 Variation was a credit balance throughout the year 2007. The net balance in the  
10 Rate Stabilization Plan ceased being an amount owed by the Industrial Customers  
11 and became a credit balance in December 2005. Please see the attached, pages 2 to  
12 4, for the Rate Stabilization Plan Summary of Industrial Customers for the years  
13 2005 to 2007.

**IC-NLH-22, Attachment 1, Page 373 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2005**

**PUB-NLH-6**  
**Page 2 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance <sup>(2)</sup>						3,712,142
January	(100,918)	(136,044)	(236,962)	22,638	(524,533)	2,973,285
February	(8,158)	114,532	106,374	18,132	(508,577)	2,589,214
March	131,796	406,545	538,341	15,790	(570,774)	2,572,571
April	(17,433)	319,648	302,215	15,688	(515,778)	2,374,696
May	30,298	60,554	90,852	14,482	(492,173)	1,987,857
June	(275,952)	15,881	(260,071)	12,123	(460,298)	1,279,611
July	(97,263)	237,445	140,182	7,803	(516,843)	910,753
August	3,716	116,722	120,438	5,554	(541,950)	494,795
September	162,625	215,033	377,658	3,017	(539,055)	336,415
October	49,091	543,057	592,148	2,052	(494,318)	436,297
November	(801,198)	693,829	(107,369)	2,661	(316,328)	15,261
December	(808,617)	620,173	(188,444)	93	(283,333)	(456,423)
Year to date	(1,732,013)	3,207,375	1,475,362	120,033	(5,763,960)	(4,168,565)
Hydraulic allocation						(839,170)
(from page 4)						
Total	(1,732,013)	3,207,375	1,475,362	120,033	(5,763,960)	(1,295,593)

(1) The RSP adjustment rate for Industrial Customers is 0.466 cents per kWh effective January 1, 2005.

(2) The opening balance includes an decrease of \$12,395 from \$3,724,537. The decrease is the effect on prior years balances of billing adjustments on January's bill relating to Abitibi Grand Falls and Stephenville for the period July to December 2004.

**IC-NLH-22, Attachment 1, Page 374 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2006**

**PUB-NLH-6**  
**Page 3 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
	<b>(from page 9)</b>	<b>(from page 7)</b>				<b>(to page 12)</b>
Opening Balance						(1,295,593)
January	(1,256,290)	558,261	(698,029)	(7,901)	(339,923)	(2,341,446)
February	(1,168,368)	558,340	(610,028)	(14,279)	(305,174)	(3,270,927)
March	(1,224,064)	691,735	(532,329)	(19,947)	(312,592)	(4,135,795)
April	(1,063,647)	636,325	(427,322)	(25,221)	(327,070)	(4,915,408)
May	(765,724)	296,664	(469,060)	(29,976)	(335,295)	(5,749,739)
June	(832,507)	(23,203)	(855,710)	(35,064)	(366,819)	(7,007,332)
July	(849,145)	(96,673)	(945,818)	(42,733)	(375,911)	(8,371,794)
August	(963,650)	(123,917)	(1,087,567)	(51,054)	(343,470)	(9,853,885)
September	(904,084)	(138,009)	(1,042,093)	(60,092)	(312,025)	(11,268,095)
October	(780,904)	203,506	(577,398)	(68,717)	(174,427)	(12,088,637)
November	(918,813)	303,752	(615,061)	(73,721)	(180,192)	(12,957,611)
December	(814,565)	490,210	(324,355)	(79,021)	(178,372)	(13,539,359)
Year to date	(11,541,761)	3,356,991	(8,184,770)	(507,726)	(3,551,270)	(12,243,766)
Hydraulic allocation						(867,115)
<b>(from page 4)</b>						
<b>Total</b>	<b>(11,541,761)</b>	<b>3,356,991</b>	<b>(8,184,770)</b>	<b>(507,726)</b>	<b>(3,551,270)</b>	<b>(14,406,474)</b>

(1) The RSP adjustment rate for Industrial Customers is 0.531 cents per kWh effective January 1, 2006. This rate was reduced to 0.295 cents per kWh effective Oct. 1, 2006 as per PUB Order P.U. 31 (2006).

(2) In January Aur Resources came on line as an Industrial Customer and PUB Order P.U. 1(2006) allowed for its inclusion in the RSP with a recovery rate of 0.0466 cents per kWh effective January 20, 2006. P.U. 2 (2006) further directed that this rate increase

**IC-NLH-22, Attachment 1, Page 375 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2007**

**PUB-NLH-6**  
**Page 4 of 4**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(14,406,474)
January	(671,353)	(208,922)	(880,275)	(87,411)	1,293,226	(14,080,934)
February	(319,478)	(254,748)	(574,226)	(85,436)	1,291,104	(13,449,492)
March	(50,330)	(319,382)	(369,712)	(81,605)	1,512,367	(12,388,442)
April	(364,389)	(228,179)	(592,568)	(75,167)	1,369,860	(11,686,317)
May	288,748	(105,927)	182,821	(70,907)	1,502,634	(10,071,769)
June	(59,984)	(37,158)	(97,142)	(61,110)	1,451,877	(8,778,144)
July	(314,138)	8,081	(306,057)	(53,261)	1,423,668	(7,713,794)
August	(244,325)	(9,696)	(254,021)	(46,803)	1,459,743	(6,554,875)
September	(804,874)	4,755	(800,119)	(39,772)	1,136,316	(6,258,450)
October	(1,262,396)	48,393	(1,214,003)	(37,973)	981,453	(6,528,973)
November	(1,384,091)	149,561	(1,234,530)	(39,615)	926,622	(6,876,496)
December	(1,075,467)	230,884	(844,583)	(41,724)	1,075,708	(6,687,095)
Year to date	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	7,719,379
Hydraulic allocation - page 4						(758,949)
2003 industrial plan balance Note 2						(1,382,924)
Total	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	(8,828,968)

(1) The RSP adjustment rate for Industrial Customers is 2.000 cents per kWh effective January 1, 2007.

(2) The balance of the December 2003 Plan related to Industrial Customers will be recovered during 2008 as a component of the Current Plan in accordance with the Section E of the Rate Stabilization Plan Rules.

**RSP Components to be charged to Industrial Customers**

---

1 Q. As of December 31, 2008 what was the credit balance, including the Hydraulic  
2 Variation, in the Rate Stabilization Plan of the Industrial Customers?

3

4

5 A. The credit balance, including the Hydraulic Variation, in the Rate Stabilization Plan  
6 of the Industrial Customers as of December 31, 2008 was \$11,994,442. Please see  
7 the attached for the December 2008 Rate Stabilization Plan Summary of Industrial  
8 Customers.

**IC-NLH-22, Attachment 1, Page 377 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2008**

**PUB-NLH-7**  
**Page 2 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(8,828,968)
January	(1,339,888)	578,004	(761,884)	(53,570)	462,206	(9,182,216)
February	(927,720)	511,893	(415,827)	(55,713)	468,080	(9,185,676)
March	(1,095,157)	391,847	(703,310)	(55,734)	499,003	(9,445,717)
April	(832,010)	303,113	(528,897)	(57,312)	529,906	(9,502,020)
May	(629,138)	208,533	(420,605)	(57,654)	514,376	(9,465,903)
June	(885,012)	34,150	(850,862)	(57,434)	502,326	(9,871,873)
July	(986,462)	(33,532)	(1,019,994)	(59,898)	510,304	(10,441,461)
August	(1,077,773)	(51,982)	(1,129,755)	(63,354)	497,280	(11,137,290)
September	(918,884)	(7,671)	(926,555)	(67,576)	482,977	(11,648,444)
October	(629,410)	427,738	(201,672)	(70,677)	551,743	(11,369,050)
November	(259,428)	741,920	482,492	(68,982)	608,393	(10,347,147)
December	(734,300)	55,095	(679,205)	(62,782)	535,270	(10,553,864)
Year to date	(10,315,182)	3,159,108	(7,156,074)	(730,686)	6,161,864	(1,724,896)
Hydraulic allocation						(1,440,578)
Total	(10,315,182)	3,159,108	(7,156,074)	(730,686)	6,161,864	(11,994,442)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

**RSP Components to be charged to Industrial Customers**

1 Q. Using the Rate Stabilization Plan approved by the Board in Order No. P.U. 40(2003),  
2 subsequent Orders setting out the rates for Teck Cominco Limited, and information  
3 provided by actual sales to each of the Industrial Customers that has been served  
4 by Newfoundland and Labrador Hydro since January 1, 2008, please provide a  
5 detailed breakdown showing the amount of the credit balance as of December 31,  
6 2008 that would be attributed to each of the Industrial Customers.

7  
8  
9 A. Please refer to the table below for a detailed breakdown showing the amount of  
10 the credit balance as of December 31, 2008 allocated to each Industrial Customer.  
11 All amounts were allocated to each Industrial Customer using the percentage of 12  
12 months to date kWh sales.

<b>Summary of Industrial Customers</b>									
	Load	Allocation	Subtotal	Financing		Cumulative		2007	
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net	Hydraulic	Balance	Total
	(\$000)	(\$000)	Variances	(\$000)	(\$000)	Balance	Variation	Allocation	(\$000)
Abitibi GF	-1,423	436	-987	-101	747	-341	199	-1,218	-1,757
Abitibi Stephenville	0	0	0	0	0	0	0	0	0
Corner Brook	-4,158	1,273	-2,884	-294	2,184	-995	581	-3,559	-5,134
North Atlantic Refining	-3,820	1,170	-2,650	-271	2,006	-914	533	-3,269	-4,717
Teck Cominco Ltd	-915	280	-635	-65	1,225	525	128	-783	-386
<b>Total Industrial</b>	<b>-10,315</b>	<b>3,159</b>	<b>-7,156</b>	<b>-731</b>	<b>6,162</b>	<b>-1,725</b>	<b>1,441</b>	<b>-8,829</b>	<b>-11,994</b>

**RSP Components to be charged to Industrial Customers**

---

1 Q. As of June 30, 2009 what was the credit balance, including the Hydraulic Variation,  
2 in the Rate Stabilization Plan of the Industrial Customers?

3

4

5 A. The credit balance, including the Hydraulic Variation, in the Rate Stabilization Plan  
6 of the Industrial Customers as of June 30, 2009 is \$23,505,651. Please see the  
7 attached for the June 30, 2009 Rate Stabilization Plan Summary of Industrial  
8 Customers.

**IC-NLH-22, Attachment 1, Page 380 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**

**PUB-NLH-9**  
**Page 2 of 2**

**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**June 30, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(11,994,442)
January	(1,361,201)	(127,286)	(1,488,487)	(72,776)	466,209	(13,089,496)
February	(1,401,471)	(217,286)	(1,618,757)	(79,421)	398,964	(14,388,710)
March	(1,809,433)	(200,529)	(2,009,962)	(87,303)	388,867	(16,097,108)
April	(2,936,566)	(125,497)	(3,062,063)	(97,669)	208,165	(19,048,675)
May	(2,543,731)	(19,528)	(2,563,259)	(115,578)	222,774	(21,504,738)
June	(2,176,693)	9,987	(2,166,706)	(130,480)	296,273	(23,505,651)
July						
August						
September						
October						
November						
December						
Year to date	(12,229,095)	(680,139)	(12,909,234)	(583,227)	1,981,252	(11,511,209)
Hydraulic allocation - page 4						0
Total	(12,229,095)	(680,139)	(12,909,234)	(583,227)	1,981,252	(23,505,651)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008.  
The rate for Teck Cominco is 2.000 cents per kWh.

RSP Components to be charged to Industrial Customers

1 Q. Using the Rate Stabilization Plan approved by the Board in Order No. P.U. 40(2003),  
2 subsequent Orders setting out the rates for Teck Cominco Limited, and information  
3 provided by actual sales to each of the Industrial Customers that has been served  
4 by Newfoundland and Labrador Hydro since January 1, 2008, please provide a  
5 detailed breakdown showing the amount of the credit balance as of June 30, 2009  
6 that would be attributed to each of the Industrial Customers.

7  
8  
9 A. Please refer to the table below for a detailed breakdown showing the amount of  
10 the credit balance as of June 30, 2009 allocated to each Industrial Customer. All  
11 amounts were allocated to each Industrial Customer using the percentage of 12  
12 months to date kWh sales.

Summary of Industrial Customers									
	Load Variation (\$000)	Allocation Fuel Variance (\$000)	Subtotal Monthly Variances (\$000)	Financing Charges (\$000)	Adjustment (\$000)	Cumulative Net Balance (\$000)	Hydraulic Variation (\$000)	2008 Balance Allocation (\$000)	Total (\$000)
Abitibi GF	-1,271	-71	-1,342	-11	52	-1,301	0	-1,654	-2,955
Abitibi Stephenville	0	0	0	0	0	0	0	0	0
Corner Brook	-4,728	-263	-4,991	-180	533	-4,638	0	-4,835	-9,472
North Atlantic Refining	-4,877	-271	-5,149	-282	760	-4,671	0	-4,442	-9,112
Teck Cominco Ltd	-1,353	-75	-1,428	-111	636	-902	0	-1,064	-1,966
<b>Total Industrial</b>	<b>-12,229</b>	<b>-680</b>	<b>-12,909</b>	<b>-583</b>	<b>1,981</b>	<b>-11,511</b>	<b>0</b>	<b>-11,994</b>	<b>-23,506</b>

1 Q. As of December 31, 2009, what is the forecast credit balance, including the  
2 Hydraulic Variation, in the Rate Stabilization Plan of the Industrial Customers?

3

4

5 A. The forecast credit balance, including Hydraulic Variation, in the Rate Stabilization  
6 Plan of the Industrial Customers as of December 31, 2009 is \$34,638,546. Please see  
7 the attached forecast December 31, 2009 Rate Stabilization Plan Summary of  
8 Industrial Customers.

**IC-NLH-22, Attachment 1, Page 383 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**

**PUB-NLH-11**  
**Page 2 of 2**

**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(11,994,442)
January	(1,361,201)	(127,286)	(1,488,487)	(72,776)	466,209	(13,089,496)
February	(1,401,471)	(217,286)	(1,618,757)	(79,421)	398,964	(14,388,710)
March	(1,809,433)	(200,529)	(2,009,962)	(87,303)	388,867	(16,097,108)
April	(2,936,566)	(125,497)	(3,062,063)	(97,669)	208,165	(19,048,675)
May	(2,296,974)	(16,239)	(2,313,213)	(115,578)	259,505	(21,217,961)
June	(2,019,122)	(17,112)	(2,036,234)	(128,740)	323,800	(23,059,135)
July	(2,158,372)	29,132	(2,129,240)	(139,911)	324,790	(25,003,496)
August	(2,183,238)	26,977	(2,156,261)	(151,709)	322,790	(26,988,676)
September	(2,004,202)	26,955	(1,977,247)	(163,754)	311,370	(28,818,307)
October	(1,968,805)	(23,394)	(1,992,199)	(174,855)	340,790	(30,644,571)
November	(1,983,758)	94,482	(1,889,276)	(185,936)	337,295	(32,382,488)
December	(2,183,387)	140,378	(2,043,009)	(196,482)	337,295	(34,284,684)
Year to date	(24,306,529)	(409,419)	(24,715,948)	(1,594,134)	4,019,840	(22,290,242)
Hydraulic allocation - page 4						(353,862)
Total	(24,306,529)	(409,419)	(24,715,948)	(1,594,134)	4,019,840	(34,638,546)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008.  
The rate for Teck Cominco is 2.000 cents per kWh.

RSP Components to be charged to Industrial Customers

1 Q. Using the Rate Stabilization Plan approved by the Board in Order No. P.U. 40(2003),  
2 subsequent Orders setting out the rates for Teck Cominco Limited, and information  
3 provided by actual sales to each of the Industrial Customers that has been served  
4 by Newfoundland and Labrador Hydro since January 1, 2008, please provide a  
5 detailed breakdown showing the amount of the credit balance as of December 31,  
6 2009 that would be attributed to each of the Industrial Customers.

7

8

9 A. Please refer to the table below for a detailed breakdown showing the amount of  
10 the forecast credit balance as of December 31, 2009 allocated to each Industrial  
11 Customer. All amounts were allocated to each Industrial Customer using the  
12 percentage of 12 months to date kWh sales.

Summary of Industrial Customers									
	Load Variation (\$000)	Allocation Fuel Variance (\$000)	Subtotal Monthly Variances (\$000)	Financing Charges (\$000)	Adjustment (\$000)	Cumulative Net Balance (\$000)	Hydraulic Variation (\$000)	2008 Balance Allocation (\$000)	Total (\$000)
Abitibi GF	-385	-6	-391	-11	52	-350	6	-1,654	-2,010
Abitibi Stephenville	0	0	0	0	0	0	0	0	0
Corner Brook	-6,968	-117	-7,085	-420	935	-6,570	101	-4,835	-11,507
North Atlantic Refining	-13,300	-224	-13,524	-908	1,784	-12,648	194	-4,442	-17,283
Teck Cominco Ltd	-3,654	-62	-3,716	-255	1,249	-2,722	53	-1,064	-3,839
<b>Total Industrial</b>	<b>-24,307</b>	<b>-409</b>	<b>-24,716</b>	<b>-1,594</b>	<b>4,020</b>	<b>-22,290</b>	<b>354</b>	<b>-11,994</b>	<b>-34,639</b>

**RSP Components to be charged to Industrial Customers**

Page 1 of 2

1 Q. Should the Board decide to refund the credit balance in the Industrial Customers  
2 Rate Stabilization Plan as of December 31, 2008, what proposals does Hydro have  
3 for the allocation of this balance among the Industrial Customers?  
4  
5

6 A. The Rate Stabilization Plan balance, whether owing to customers or from  
7 customers, has historically been recovered in an energy rate adjustment, and based  
8 on future sales. Hydro has not explored the potential legal ramifications of a  
9 refund in light of Abitibi Bowater's current bankruptcy situation and other ongoing  
10 litigation. Should the Board decide to refund the balance, rather than apply an  
11 energy rate RSP adjustment, Hydro offers the following possible methodologies:  
12

13 a) Forecast energy sales for each customer in the class would remain consistent  
14 with the practice of the RSP adjustment being applied to future sales. Here is  
15 the latest Energy forecast for 2009, which includes actual sales to April, 2009  
16 has been used for allocation.  
17

**Industrial Customer Firm Energy Sales**

Customer	2009 Forecast (GWH)	% of Total Industrial Customer Energy	Allocation of December 31, 2008 Balance (\$)
Abitibi Bowater GF	6.6	1.6%	(177,903)
Corner Brook Pulp & Paper	119	28.7%	(3,207,654)
North Atlantic Refining	227.3	54.7%	(6,126,888)
Teck Resources	62.4	15.0%	(1,681,997)
<b>Total</b>	<b>415.3</b>	<b>100.0%</b>	<b>(11,194,442)</b>

**RSP Components to be charged to Industrial Customers**

b) An alternate allocation method would be 2008 actual energy sales:

**Industrial Customer Firm Energy Sales**

<b>Customer</b>	<b>2008 Actual (GWH)</b>	<b>% of Total Industrial Customer Energy</b>	<b>Allocation of December 31, 2008 Balance (\$)</b>
Abitibi Bowater GF	95.2	13.8%	(1,543,781)
Corner Brook Pulp & Paper	278.2	40.3%	(4,512,242)
North Atlantic Refining	255.6	37.0%	(4,145,318)
Teck Resources	61.2	8.9%	(993,100)
<b>Total</b>	<b>690.2</b>	<b>100.0%</b>	<b>(11,194,442)</b>

While Hydro has provided two possible allocation methods in response to this question, Hydro considers that its conclusion with respect to the load variation component of the RSP, which was outlined in its 2006 report “Review of the Operation of the Rate Stabilization Plan”, is a more fair method of allocation of the load variation. Specifically, Hydro recommends that the net load variation should be allocated between Newfoundland Power and the Industrial Customers based on energy ratios. The allocation of the load variation in this manner more closely aligns with the Cost of Service treatment and Hydro therefore considers this a more fair allocation method.

Should the Board decide that the forecast credit balance of the RSP allocated to the Industrial Customers be dealt with as of December 31, 2008, the Board may wish to consider this method of allocation for the balance attributable to the load variation. Please refer to the response to PUB-NLH-1 as well.

**RSP Components to be charged to Industrial Customers**

- 1 Q. Should the Board decide to refund the credit balance in the Industrial Customers  
2 Rate Stabilization Plan as of June 30, 2009, what proposals does Hydro have for the  
3 allocation of this balance among the Industrial Customers?  
4  
5  
6 A. Please see response to PUB-NLH-13. Forecast sales for the period July 2009 to June  
7 2010 and actual sales for the period July 2008 to June 2009, are shown below.

**Industrial Customer Firm Energy Sales**

Customer	July 2009 to June 2010 Forecast (GWH)	% of Total Industrial Customer Energy Sales	Allocation of June 30, 2009 Balance (\$)
Abitibi Bowater GF	0	0.0%	-
Corner Brook Pulp & Paper	165.8	32.9%	(7,729,546)
North Atlantic Refining	275.9	54.7%	(12,862,374)
Teck Resources	62.5	12.4%	(2,913,731)
<b>Total</b>	<b>504.2</b>	<b>100.0%</b>	<b>(23,505,651)</b>

**Industrial Customer Firm Energy Sales**

Customer	July 2008 to June 2009 Actual (GWH)	% of Total Industrial Customer Energy Sales	Allocation of June 30, 2009 Balance (\$)
Abitibi Bowater GF	51.8	9.3%	(2,193,260)
Corner Brook Pulp & Paper	217.3	39.1%	(9,194,994)
North Atlantic Refining	224.1	40.4%	(9,485,895)
Teck Resources	62.2	11.2%	(2,631,502)
<b>Total</b>	<b>555.4</b>	<b>100.0%</b>	<b>(23,505,651)</b>

**RSP Components to be charged to Industrial Customers**

---

**Page 2 of 2**

1 While Hydro has provided two possible allocation methods in response to this question,  
2 Hydro considers that its conclusion with respect to the load variation component of the  
3 RSP, which was outlined in its 2006 report “Review of the Operation of the Rate  
4 Stabilization Plan”, is a more fair method of allocation of the load variation.  
5 Specifically, Hydro recommends that the net load variation should be allocated  
6 between Newfoundland Power and the Industrial Customers based on energy ratios.  
7 The allocation of the load variation in this manner more closely aligns with the Cost of  
8 Service treatment and Hydro therefore considers this a more fair allocation method.

9

10 Should the Board decide that the forecast credit balance of the RSP allocated to the  
11 Industrial Customers be dealt with as of June 30, 2009, the Board may wish to consider  
12 this method of allocation for the balance attributable to the load variation. Please refer  
13 to the response to PUB-NLH-1 as well.

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 1

1 Q. Should the Board decide that the forecast credit balance of the Industrial  
2 Customers Rate Stabilization Plan should be dealt with as of December 31, 2009,  
3 what proposals does Hydro have for the allocation of this balance?  
4  
5

6 A. Hydro considers that its conclusion with regard to the load variation component of  
7 the RSP, which was outlined in its 2006 report "Review of the Operation of the Rate  
8 Stabilization Plan", is a fairer method to allocate the load variation balance of the  
9 Plan. Specifically, Hydro recommends that the net load variation should be  
10 allocated between Newfoundland Power and the Industrial Customers based on  
11 customer energy ratios. The allocation of the load variation in this manner more  
12 closely aligns with the Cost of Service treatment and for this reason, Hydro  
13 considers this a fairer allocation method.  
14

15 Should the Board decide that the forecast credit balance of the Industrial  
16 Customers Rate Stabilization Plan should be dealt with as of December 31, 2009,  
17 the Board may wish to consider this method of allocation for the balance in  
18 Industrial Customers' RSP related to the load variation component.

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 2

1 Q. If interim rates, as they now stand, remain in place until December 31, 2010, and  
2 using Hydro's current forecasts for the various components of the Plan, what is  
3 forecast to be the balance in the Industrial Customers Rate Stabilization Plan at that  
4 time?

5

6

7 A. If interim rates, as they now stand, remain in place until December 31, 2010 and  
8 using Hydro's current forecasts for the various components of the Plan, the balance  
9 in the Industrial Customers Rate Stabilization Plan at that time is forecast to be  
10 (\$46,025,260). Please see the attached forecast December 31, 2010 Rate  
11 Stabilization Plan Summary of Industrial Customers.

**IC-NLH-22, Attachment 1, Page 391 of 541**  
**2013 RSP Application**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**Dec-10**

**PUB-NLH-16**  
**Page 2 of 2**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>1</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			<b>(A + B)</b>			
	<b>(from page 9)</b>	<b>(from page 7)</b>				<b>(to page 12)</b>
Opening Balance						(35,068,074)
January	(1,461,957)	553,725	(908,232)	(212,776)	447,120	(35,741,962)
February	(1,358,063)	512,416	(845,647)	(216,864)	403,365	(36,401,108)
March	(1,430,482)	559,284	(871,198)	(220,864)	447,905	(37,045,265)
April	(1,492,008)	361,303	(1,130,705)	(224,772)	429,420	(37,971,322)
May	(1,102,343)	186,913	(915,430)	(230,391)	442,410	(38,674,733)
June	(1,362,659)	129,040	(1,233,619)	(234,659)	427,420	(39,715,591)
July	(1,486,989)	0	(1,486,989)	(240,974)	430,765	(41,012,789)
August	(1,506,882)	0	(1,506,882)	(248,845)	429,550	(42,338,966)
September	(1,402,444)	0	(1,402,444)	(256,892)	406,355	(43,591,947)
October	(1,295,923)	196,232	(1,099,691)	(264,494)	446,765	(44,509,367)
November	(1,385,640)	388,666	(996,974)	(270,061)	431,495	(45,344,907)
December	(1,478,335)	466,424	(1,011,911)	(275,130)	434,635	(46,197,313)
Year to date	(16,763,725)	3,354,003	(13,409,722)	(2,896,722)	5,177,205	(11,129,239)
Hydraulic allocation						172,053
Balance of historic plan						0
Total	(16,763,725)	3,354,003	(13,409,722)	(2,896,722)	5,177,205	(46,025,260)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

1 Q. Please provide an outline, giving dates and descriptions of the efforts made, of the  
2 discussions that have been held with the Industrial Customers and with  
3 Newfoundland Power in an effort to modify the Rate Stabilization Plan to meet the  
4 changing conditions in the Newfoundland and Labrador market.

5

6

7 A. Discussions with the Industrial Customers, Newfoundland Power and the Consumer  
8 Advocate were held throughout 2007 and 2008 concerning potential re-designs to  
9 the Rate Stabilization Plan (RSP). The first meetings, March 19-21, 2007 included a  
10 discussion on the allocation of the RSP load variation; however, it was not in the  
11 context of modifying the RSP to meet the changing conditions in the Newfoundland  
12 and Labrador market. At that point, the Stephenville pulp and paper mill had  
13 closed, a new test year (2007) had been set, and no additional significant load  
14 changes were anticipated. By the time of the next significant load change in the fall  
15 of 2008, the RSP discussions had stalled, and the possible implications of new  
16 International Financial Reporting Standards (IFRS) needed to be analyzed. Hydro  
17 has not engaged its customers in subsequent discussion concerning agreement to  
18 modify the RSP for changing market conditions.

1 Q. Please describe Hydro's understanding of the role that retroactive ratemaking may  
2 play in attempting to make changes, to become effective on January 1, 2008, to the  
3 Rate Stabilization Plan.

4

5

6 A. The present Application does not seek retroactive rates *per se*. The rule against  
7 retroactive ratemaking prevents a utility from seeking to recover its past costs in a  
8 future period.

9

10 To some degree, the RSP has always been an exercise in ratemaking with  
11 retroactive effects in that past commodity costs were deferred to be collected at a  
12 later time. As long as it remains in effect, it is intended that the RSP will continue to  
13 reflect the difference between the actual costs and the test year costs.

14

15 In recent years, a number of large and unanticipated decreases in Industrial  
16 Customer load have caused very large and unanticipated increases in the RSP  
17 balance for this customer class. These large balances have occurred not from  
18 fluctuations in commodity prices or hydrology, or from changes in customer loads  
19 that fall within an expected range; they have occurred as the result of dramatic  
20 changes in customer loads occasioned by either the shutdown of significant  
21 components of customer operations or, in the case of the Grand Falls paper mill,  
22 the complete shutdown of the paper making operation.

23

24 The present Application to hold rates steady for this class is not motivated by a  
25 desire to recover past losses, rather it is proposed by Hydro that retaining rates at  
26 present levels during times of extreme volatility in the Industrial Customer class  
27 load, has the advantage of achieving rate stability which is preferable to changing

**RSP Components to be charged to Industrial Customers**

---

- 1 rates in accordance with the RSP rules that would otherwise apply which would
- 2 result in unprecedented instability in rates.

1 Q. Since the Historic Plan is no longer a factor in setting the Rate Stabilization  
2 Adjustment, has Hydro undertaken to update its *“Review of the Operation of the*  
3 *Rate Stabilization Plan”*, dated June 30, 2006? If so, please provide the updated  
4 report.

5

6

7 A. Hydro has not undertaken to update *“Review of the Operation of the Rate*  
8 *Stabilization Plan”*, dated June 30, 2006. The cessation of the Historic Plan does not  
9 change the positions Hydro set forth in that report concerning the current activity  
10 components of the plan.

**RSP Components to be charged to Industrial Customers**

Page 1 of 1

1 Q. As Hydro is now requesting finalization of a Rate Stabilization Plan adjustment that  
2 includes a component to deal with the collection of the Historical Plan balance,  
3 from which Teck Cominco was exempt, and as this portion of the Plan no longer  
4 exists, why is it now appropriate to adjust the rates of Teck Cominco to collect this  
5 component?

6

7

8 A. Hydro's current Application seeks to bring the Teck Cominco, now Teck Resources  
9 Ltd., RSP rate equal to the current plan rate paid by the other Industrial Customers.  
10 When the Teck Cominco rate was initially established, the historical plan rate was  
11 excluded from the rate calculated for that customer. This resulted in Teck  
12 Resources having a lower rate than the other customers. The freezing of rates since  
13 the termination of the Historic Plan has resulted in a discrepancy in the current plan  
14 rates among the customers, and Hydro seeks to ensure all the customers of this  
15 class have the same current plan rate. There is no remaining Historical Plan balance  
16 from which Teck Resources would be exempt, and therefore no remaining Historical  
17 Plan RSP rate component from which Teck Resources would be exempt. Please see  
18 table below for a comparison of the rates charged to Industrial Customers.

19

	Industrial Customers (excluding Teck Resources)	Teck Resources (December 31, 2007)	Teck Resources (Proposed)
	(cents/kWh)		
Base Energy Rate	3.676	3.676	3.676
RSP Rate	(0.785)	(2.000)	(0.785)
Net Energy Rate	2.891	1.676	2.891

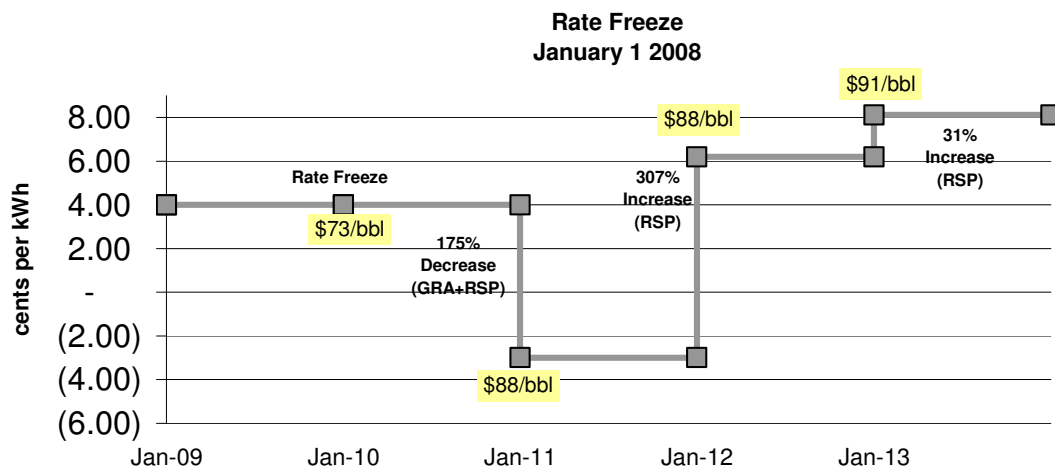
1 Q. Using the assumption that the interim rate is finalized in September 2009, any other  
2 necessary assumptions, and Hydro's current forecasts of load, and fuel price, and  
3 indicating when Hydro expects to file its next General Rate Application, please  
4 provide a chart similar to that in Appendix B of the Application showing the years  
5 from 2009 to 2014.

6

7

8 A. Assuming the interim rate is finalized in September 2009, using Hydro's current load  
9 and fuel price forecasts, assuming a rate freeze in 2010 and assuming a 2011 Test  
10 Year<sup>1</sup>, the forecast Industrial Customers Rate Impact from 2009 to 2013 is shown in  
11 the chart below. A 2014 forecast is not currently available.

**Industrial Customer Rate Impacts**



<sup>1</sup> While for the purposes of the response to this question Hydro assumes a 2011 Test Year, there are no current plans to file a rate application and Hydro is uncertain of the timing of any future rate application.

1 Q. If Hydro was to run a Cost of Service Study as of June 30, 2009, what would be the  
2 revenue requirement of the Industrial Customer class?

3

4

5 A. Hydro is unable to run a complete Cost of Service Study, as the underlying forecast  
6 data is not yet available. However, the following pages show the calculation, and  
7 assumptions, of a revised 2007 Cost of Service Study, which produces an Industrial  
8 Customer revenue requirement of \$22.1 million. The calculations assume:

9 • Holyrood fuel and Specifically Assigned Charges are the only changes in the  
10 2007 revenue requirement;

11 • No demand or energy for 2007 Test Year for Abitibi Consolidated  
12 Stephenville or Abitibi Consolidated Grand Falls;

13 • Corner Brook Pulp and Paper Limited's annual requirements are:

14 ○ Power on Order - 26 MW

15 ○ Energy - 170,400 MWh

16 • Holyrood Fuel is reduced by 666,503 barrels, or \$36.9 million.

PUB-NLH-22  
Page 2 of 4

#### Basis of Allocation to Industrial Customer Firm

### Allocation of Functionalized Amounts to Industrial Customers

[illegible]

# IC-NLH-22, Attachment 1, Page 400 of 541

## 2013 RSP Application

PUB-NLH-22  
Page 3 of 4

NEWFOUNDLAND & LABRADOR HYDRO  
2007 Forecast Cost of Service  
Island Interconnected  
Functional Classification of Revenue Requirement (CONT'D.)

Line No.	Description	19	20
		Revenue Related	
		Municipal Tax	PUB Assessment
1	Total Revenue Reqmt	897,302	560,508
2	Reduction in No. 6 Fuel - Line 37		
3	Reduction in Specifically Assigned Charges		
4	<b>Revised Revenue Requirement</b>	<b>897,302</b>	<b>560,508</b>

Basis of Allocation to Industrial Customer Firm (CONT'D.)

		(Rural Revenues)	(Revenues + RSP)
5	Industrial - Firm	-	46,553,585
6	Revised Industrial - Firm - Lines 24 and 30		
7	Revised Prior Year Industrial Revenue Requirement		18,633,554
8	Variance from Test Year Allocation Amount - Line 5 - Lines 6 and 7	-	(27,920,031)
9	Total	37,217,493	399,817,702
10	Revised Total Test Year Allocation Amount - Line 9 - Line 8	37,217,493	371,897,671
11	Industrial Customer Allocation Percentage - Line 7 / Line 10	-	0.0501

Allocation of Functionalized Amounts to Industrial Customers

Line No.	Description	19	20
		Revenue Related	
		Municipal Tax	PUB Assessment
	<b>2007 Test Year Industrial Customer Firm</b>		(\$)
12	Revenue Requirement	-	65,264
13	Re-classification of Revenue-Related	-	(65,264)
14	Total Revenue Requirement	-	-
	<b>Revised Industrial Customer Firm</b>		(\$)
15	Revenue Requirement - Line 4 * Line 11	-	28,084
16	Re-classification of Revenue-Related	-	(28,084)
	Total Revenue Requirement	-	(0)

requirements excluding revenue-related items.

**IC-NLH-22, Attachment 1, Page 401 of 541**  
**2013 RSP Application**

PUB-NLH-22  
Page 4 of 4

**NEWFOUNDLAND and LABRADOR HYDRO**  
**2007 Forecast Cost of Service**  
**Island Interconnected**

1	2	3	4	5	6	7	8	9	10	11
<b>Industrial Customer Demand</b>	<b>2007 Test Year</b>					<b>Adjustments</b>				
	<b>Forecast Power on Order (kW)</b>	<b>Loss and Coincidence factor Adjustment</b>	<b>Coincident kW @ Generation (Col 2*Col 3)</b>	<b>Loss Factor</b>	<b>Coincident kW @Transmissi on (Col 4*Col 5)</b>	<b>2010 Forecast Power on Order</b>	<b>Estimated Additional Reduction</b>	<b>Revised Forecast Power on Order (kW) (Col 7+Col 8)</b>	<b>Coincident kW @ Generation (Col 9*Col 3)</b>	<b>Coincident kW @Transmissi on (Col 10*Col 5)</b>
Line										
No.										
19	Abitibi Price - Stephenville	3,000	92.33%	2,770	97.04%	2,688	0	-	-	-
20	Abitibi Price - Grand Falls	20,000	92.33%	18,467	97.04%	17,920	0	-	-	-
21	Corner Brook Pulp & Paper Co. Ltd.	54,000	92.33%	49,860	97.04%	48,384	32,000	(8,000)	24,000	22,160
22	N. Atlantic Refining Ltd.	30,500	92.33%	28,162	97.04%	27,328	30,500		30,500	28,162
23	Aur Resources	10,000	92.33%	9,233	97.04%	8,960	9,000		9,000	8,310
24	<b>TOTAL INDUSTRIAL</b>	<b>117,500</b>		<b>108,492</b>		<b>105,280</b>		<b>63,500</b>	<b>58,632</b>	<b>56,896</b>

1	2	3	4	5	6	7	8
<b>Industrial Customer Energy</b>	<b>2007 Test Year</b>			<b>Adjustments</b>			
	<b>Forecast Sales (MWh)</b>	<b>Loss Factor</b>	<b>MWh at Generation (Col 2*(1+Col 3))</b>	<b>2010 Forecast Sales (MWh)</b>	<b>Estimated Additional Reduction</b>	<b>Revised Forecast Sales (MWh) (Col 5 + Col 6)</b>	<b>MWh at Generation (Col 7*(1+Col 3))</b>
25	Abitibi Price - Stephenville	5,700	3.14%	5,879	-	-	-
26	Abitibi Price - Grand Falls	131,400	3.14%	135,530	-	-	-
27	Corner Brook Pulp & Paper Co. Ltd.	447,600	3.14%	461,670	239,800	(69,400)	170,400
28	N. Atlantic Refining Ltd.	245,300	3.14%	253,011	254,300		175,756
29	Aur Resources	64,300	3.14%	66,321	62,500		262,294
30	<b>TOTAL INDUSTRIAL</b>	<b>894,300</b>		<b>922,411</b>		<b>487,200</b>	<b>502,515</b>

1	2
<b>No. 6 (Holyrood) Fuel</b>	
31 2007 Test Year MWh at Generation - Line 30	922,411
32 Revised MWh at Generation - Line 30	502,515
33 Decrease in MWh	(419,897) Line 31 - Line 32
34 Holyrood Efficiency Factor (kWh/bbl)	630
35 Decrease in Required No. 6 Fuel barrels	(666,503) Line 33 * Line 34
36 2007 Test Year Fuel Forecast Price (\$)	55.40
37 Reduction in 2007 Forecast Holyrood Fuel (\$)	(36,924,266.20) Line 35 * Line 36

1	2	3	4
<b>Prior Year Revenue</b>	<b>2009 Forecast Sales (\$)</b>	<b>2009 Forecast RSP (\$)</b>	<b>2009 Forecast Total (\$)</b>
38 Abitibi Price - Stephenville	-		
39 Abitibi Price - Grand Falls	647,171	(51,649)	595,522
40 Corner Brook Pulp & Paper Co. Ltd.	7,839,690	(934,790)	6,904,900
41 N. Atlantic Refining Ltd.	10,963,062	(1,784,295)	9,178,766
42 Aur Resources	3,203,472	(1,249,106)	1,954,366
43 <b>TOTAL INDUSTRIAL</b>	<b>22,653,394</b>	<b>(4,019,840)</b>	<b>18,633,554</b>

1 Q. How does the revenue requirement in the response to PUB – NLH – 22 compare to  
2 that of the 2007 test year for the same class?

3

4

5 A. The revenue requirement in the response to PUB-NLH-22 is \$22.1 million or \$21.1  
6 million less than the 2007 Test Year revenue requirement of \$43.1 million. Please  
7 see response to PUB-NLH-22 for the calculations.

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 1

1 Q. Please provide any proposals that Hydro has developed to modify, to suspend, or to  
2 eliminate the Rate Stabilization Plan in order to better deal with the changing  
3 markets and changing fuel prices.

4

5

6 A. Hydro has not developed any specific proposals with regard to fundamental change  
7 to the RSP in order to better deal with the changing markets and changing fuel  
8 prices, but has considered such options. One of the options discussed with the  
9 parties at the last series of negotiations was the elimination of the RSP however  
10 there was no consensus on this aspect and it was not pursued further. Hydro  
11 continues to consider that, in light of changing markets and changing fuel prices as  
12 indicated, the RSP may need to be substantially modified or replaced and suggests  
13 that the Board may consider ordering development of policies and procedures  
14 which reflect the following:

15

- 16 • Newfoundland Power being invoiced monthly by Hydro for costs incurred  
17 related to fuel and, in turn, Newfoundland Power dealing directly with their  
18 customers on matters of retail price signal and customer billing and  
19 payment options;
- 20 • Hydro dealing directly with its Industrial Customers and giving consideration  
21 to such matters as price signal, and payment options, as well as having RSP  
22 amounts become accounts receivable or accounts payable from/to each  
23 Industrial Customer each month rather than Industrial class RSP balances  
24 which are not tied directly to each customer; and
- 25 • Hydro developing a proposal regarding hydraulic stabilization.

1 Q. Should the Board decide that Hydro must refund in a lump sum any portion of the  
2 balance of the Industrial Customers Rate Stabilization Plan, please describe any  
3 direct or indirect implications regarding rates, cash flow, earnings, financing costs,  
4 energy supply, or impact on past, present or future customers that should be  
5 considered.  
6  
7

8 A. The significant credit balance in the Industrial Customer RSP is mainly attributable  
9 to fuel savings resulting from the shutdown of pulp and paper production on the  
10 Island Interconnected System since January 1, 2007, the date that new rates were  
11 last implemented for Industrial Customers. This unfortunate circumstance could  
12 potentially result in windfall financial benefits (rates, cash flow, earnings and  
13 financings costs) for Industrial Customers, either past, present or future, that should  
14 more fairly be shared in another manner. It is Hydro's position that the Board has  
15 the jurisdiction and the authority to allocate the credit in the Industrial RSP in a  
16 manner that it deems most appropriate.  
17

18 It is Hydro's recommendation that the Board consider allocating the load variation  
19 component of the RSP in the manner outlined in response to PUB-NLH-15 so that all  
20 customers on the Island Interconnected System receive a fair portion of the fuel  
21 savings which results from the industrial downturn since 2006. A lump sum form of  
22 refund is one of the methods that could be employed to distribute the accumulated  
23 savings to various customers. If the Board, for example, were to approve the  
24 distribution of the December 31, 2009 forecast load variation component of the RSP  
25 that has accumulated since January 1, 2007 to all customers based on 2009  
26 customer sales, the following credits would result:

PUB-NLH-25 (Rev 1 July31-09)

**RSP Components to be charged to Industrial Customers**

---

Page 2 of 2

	Load Variation Allocation (includes interest) \$
Newfoundland Power	(41,070,005.41)
Abitibi-Price GF	(53,008.45)
Corner Brook	(914,691.29)
North Atlantic Refining	(1,812,735.53)
Teck Cominco Limited	(502,115.32)
Total	(44,352,556.00)

1 Q. Should the Board decide that Hydro must structure any portion of the credit  
2 balance so that it is included in future rates, please describe any direct or indirect  
3 implications regarding rates, cash flow, earnings, financing costs, energy supply, or  
4 impact on past, present or future customers that should be considered.

5

6

7 A. The significant credit balance in the Industrial Customer RSP is mainly attributable  
8 to fuel savings resulting from the shutdown of pulp and paper production on the  
9 Island Interconnected System since January 1, 2007, the date that new rates were  
10 last implemented for Industrial Customers. This unfortunate circumstance could  
11 potentially result in windfall financial benefits (rates, cash flow, earnings and  
12 financings costs) for Industrial Customers, either present or future, that could more  
13 fairly be shared in another manner. It is Hydro's position that the Board has the  
14 jurisdiction and the authority to allocate the credit in the Industrial RSP in a manner  
15 that it deems most appropriate.

16

17 It is Hydro's recommendation that the Board consider allocating the balance in the  
18 load variation component of the RSP in the manner outlined in response to PUB-  
19 NLH-15 so that all customers on the Island Interconnected System receive a fair  
20 portion of the fuel savings which results from the industrial downturn since 2006.  
21 Including the credit balance in future rates is one of the methods that could be  
22 employed to distribute the accumulated savings to various customers. If the Board,  
23 for example, were to approve the distribution of the December 31, 2009 forecast  
24 load variation component of the RSP that has accumulated since January 1, 2007 to  
25 all customers based on 2009 customer sales the following estimated rate decreases  
26 associated with the load variation component only would result effective January 1,  
27 2010:

	Rate Increase/Decrease (%)
Newfoundland Power	-12.1%
Industrial Customers (excluding Teck Resources Limited)	-20.3%
Teck Resources Limited	10.1%

1        Additionally, the Board may wish to consider amortizing both the Newfoundland  
2        Power and Industrial Customer decreases to stabilize rates over more than one  
3        year.

**RSP Components to be charged to Industrial Customers**

---

**Page 1 of 1**

1 Q. Please provide a working electronic version of “Appendix A: RSP History – Activity  
2 and Balances,” as shown in the “Review of the Operation of the Rate Stabilization  
3 Plan, for the Period January 1, 2004 to December 31, 2005, a report dated June 30,  
4 2006 and prepared per Board Order No. P.U. 14 (2004). Please provide the  
5 information requested in MS Excel format with formulas and all the supporting  
6 spreadsheets and files, preserving all links.

7

8

9 A. The data of “Appendix A: RSP History – Activity and Balances” was summarized  
10 from the annual RSP reports by entering values. No links were established with  
11 other spreadsheets. To assist the Board in its review, we have provided the  
12 spreadsheets used to calculate the RSP for 2004 and 2005. Electronic versions of  
13 these files are available on Hydro’s stranded website at <http://publicinfo.nlh.nl.ca>.

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 1

1 Q. In reference to Appendix A, please explain the adjustment column in detail and how  
2 the amounts therein have been calculated. This should be fully evident from the  
3 spreadsheet formulas, supporting spreadsheets and files.

4

5

6 A. The adjustment column reflects the total amount of an applicable Rate Stabilization  
7 Plan (RSP) balance that gets charged to or credited to Hydro's customers on  
8 monthly invoices. If the Plan balance shows an amount owing by the customers,  
9 the monthly invoices include a charge to recover a portion of the balance owed to  
10 Hydro. If the Plan balance shows an amount owing to the customers, the monthly  
11 invoices include a credit to repay a portion of the balance owed to the customers.

12

13 The adjustment amounts are computed by multiplying the RSP write-off rates by  
14 the energy units (kWh) consumed for the months. Appendix A to the 2006 report is  
15 a compilation of RSP activity reported over the years, and the adjustment column  
16 does not show how it was originally calculated. Please refer to the RSP  
17 spreadsheets filed in response to PUB-NLH-27 for calculations.

1 Q. Please provide an update of Appendix A in MS Excel format for the years 2004  
2 through 2009, with all supporting spreadsheets and files, with all links intact.

3

4

5 A. As the Appendix A format does not provide calculations, we have provided the RSP  
6 spreadsheet models for the appropriate years, via Hydro's stranded website at  
7 <http://publicinfo.nlh.nl.ca>.

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 2

1 Q. For the years 2004 to 2009, provide a monthly detail of the Hydraulic production  
2 variation adjustment separating the amounts corresponding to Newfoundland  
3 Power, the rural retail customers and each of the Industrial Customers.  
4  
5

6 A. Since 2004, 25% of the hydraulic variation balance and 100% of the hydraulic  
7 financing charges have been allocated at year end based upon customer ratios. As  
8 the allocation is annual, monthly allocations are not available. The amount  
9 corresponding to each Industrial Customer is indeterminable, as the allocation  
10 forms part of the customer balance, which is refunded or collected through energy  
11 rates based on future sales. Please see Page 2 of 2 for the annual customer  
12 allocations.

**Hydraulic Production Variation Adjustment**  
**(\$000)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total</u>
<b>Newfoundland Power</b>	(1,603)	(3,164)	(5,344)	(4,911)	(10,352)	(11,898)	(37,273)
<b>Rural Retail Customers<sup>(1)</sup></b>	(135)	(258)	(431)	(394)	(859)	(967)	(3,044)
<b>Industrial Customers<sup>(2)</sup></b>	(488)	(839)	(867)	(759)	(1,441)	(896)	(5,289)
<b>Total</b>	(2,226)	(4,262)	(6,642)	(6,064)	(12,652)	(13,760)	(45,606)

<sup>(1)</sup> This allocation reflects the amount not reallocated to Newfoundland Power and is not included in the plan.

<sup>(2)</sup> A Hydraulic Production Variation adjustment is not calculated for each Industrial Customer.

1 Q. For the years 2004 to 2009, provide a monthly detail of the Fuel variance  
2 adjustment, separating the amounts corresponding to Newfoundland Power, the  
3 rural retail customers and each of the Industrial Customers.

4

5

6 A. The portions of the fuel variance adjustment that were allocated to Newfoundland  
7 Power and the Industrial Customers from 2004 to 2009 are presented in the annual  
8 Allocation of Fuel Variance reports (Attachment 1). The Industrial Customers'  
9 portions are not calculable by individual customers.

10

11 The portions of the fuel variance adjustment that were allocated to the Rural Retail  
12 customers for those years are reported on Page 2 of 2.

**IC-NLH-22, Attachment 1, Page 414 of 541**  
**2013 RSP Application**

PUB-NLH-31  
RSP Components to be charged to Industrial Customers  
Page 2 of 2

**Fuel Variance Adjustment**  
**(\$000)**

<b>2004</b>					<b>2005</b>				
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers <sup>(1)</sup></u>	<u>Industrial Customers</u>	<u>Monthly Total</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers <sup>(1)</sup></u>	<u>Industrial Customers</u>	<u>Monthly Total</u>	
January	1,540	16	404	1,959	(488)	(4)	(136)	(628)	
February	1,668	17	445	2,130	410	4	115	529	
March	1,562	16	424	2,002	1,452	13	407	1,872	
April	1,234	13	391	1,638	1,163	10	320	1,493	
May	556	6	192	753	253	2	61	316	
June	319	3	90	413	87	1	16	104	
July	3	(8)	5	0	908	8	237	1,154	
August	179	2	58	238	459	4	117	580	
September	323	3	99	425	799	7	215	1,020	
October	711	6	192	909	2,096	18	543	2,657	
November	1,152	10	312	1,473	2,961	26	694	3,681	
December	554	5	166	724	2,867	25	620	3,512	
<b>Total</b>	<b>9,802</b>	<b>87</b>	<b>2,776</b>	<b>12,665</b>	<b>12,969</b>	<b>113</b>	<b>3,207</b>	<b>16,289</b>	

<b>2006</b>					<b>2007</b>				
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers <sup>(1)</sup></u>	<u>Industrial Customers</u>	<u>Monthly Total</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers <sup>(1)</sup></u>	<u>Industrial Customers</u>	<u>Monthly Total</u>	
January	2,319	20	558	2,898	(1,392)	(11)	(209)	(1,612)	
February	2,547	22	558	3,127	(1,693)	(14)	(255)	(1,961)	
March	3,504	30	692	4,225	(2,032)	(17)	(319)	(2,368)	
April	3,455	30	636	4,121	(1,518)	(12)	(228)	(1,758)	
May	1,976	17	297	2,290	(668)	(5)	(106)	(779)	
June	260	2	(23)	239	(263)	(2)	(37)	(302)	
July	96	1	(97)	0	36	0	8	44	
August	123	1	(124)	0	17	(0)	(10)	7	
September	149	1	(138)	13	(5)	(0)	5	0	
October	2,216	19	204	2,439	189	2	48	239	
November	2,104	19	304	2,426	835	7	150	991	
December	3,418	29	490	3,937	1,485	12	231	1,728	
<b>Total</b>	<b>22,168</b>	<b>191</b>	<b>3,357</b>	<b>25,715</b>	<b>(5,008)</b>	<b>(41)</b>	<b>(722)</b>	<b>(5,772)</b>	

<b>2008</b>					<b>2009</b>				
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers <sup>(1)</sup></u>	<u>Industrial Customers</u>	<u>Monthly Total</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers <sup>(1)</sup></u>	<u>Industrial Customers</u>	<u>Monthly Total</u>	
January	4,099	33	578	4,710	(537)	(5)	(69)	(610)	
February	3,755	31	512	4,298	(1,577)	(13)	(199)	(1,789)	
March	3,183	26	392	3,601	(1,630)	(14)	(197)	(1,841)	
April	2,387	20	303	2,710	(1,319)	(11)	(126)	(1,457)	
May	1,922	16	209	2,147	(509)	(4)	(23)	(537)	
June	613	6	34	653	(197)	(1)	7	(191)	
July	33	1	(34)	0	(27)	0	27	0	
August	37	0	(52)	(14)	(23)	(0)	23	0	
September	(1)	0	(8)	(8)	(30)	(0)	24	(6)	
October	3,178	27	428	3,632	(609)	(5)	(13)	(627)	
November	5,162	43	742	5,947	432	4	87	522	
December	12	2	55	69	1,833	15	165	2,013	
<b>Total</b>	<b>24,381</b>	<b>205</b>	<b>3,159</b>	<b>27,745</b>	<b>(4,194)</b>	<b>(35)</b>	<b>(294)</b>	<b>(4,523)</b>	

<sup>(1)</sup> Not included in the plan

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(A+B+C)	Customers	Interconnected	(kWh)	Interconnected	
		(kWh)	(kWh)	(kWh)	(A/D X H)	(B/D X H)	(C/D X H)	(kWh)	(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,636,553,350	1,305,563,474	396,452,631	6,338,569,455	1,433,123	403,540	122,540	1,959,203	106,720	15,820
February	4,629,741,543	1,315,568,332	394,743,304	6,340,053,179	2,986,001	848,490	254,594	4,089,084	221,726	32,868
March	4,598,491,657	1,317,504,074	392,015,050	6,308,010,781	4,440,228	1,272,160	378,523	6,090,912	329,656	48,867
April	4,569,061,593	1,359,525,911	389,538,997	6,318,126,501	5,588,961	1,662,997	476,491	7,728,449	414,976	61,515
May	4,569,423,164	1,387,706,617	388,661,728	6,345,791,509	6,107,593	1,854,840	519,494	8,481,927	452,427	67,067
June	4,597,553,859	1,396,271,065	390,533,364	6,384,358,288	6,405,197	1,945,250	544,081	8,894,528	473,840	70,241
July	4,617,432,434	1,406,916,366	391,523,381	6,415,872,181	6,401,294	1,950,453	542,781	8,894,528	480,795	61,986
August	4,627,472,300	1,414,651,212	392,172,515	6,434,296,027	6,568,322	2,007,983	556,657	9,132,962	493,087	63,570
September	4,638,997,871	1,422,736,517	393,308,540	6,455,042,928	6,868,891	2,106,623	582,366	9,557,880	515,860	66,506
October	4,664,484,827	1,423,244,910	394,556,339	6,482,286,076	7,531,853	2,298,147	637,099	10,467,099	564,342	72,757
November	4,677,479,524	1,418,612,777	394,152,477	6,490,244,778	8,605,428	2,609,904	725,145	11,940,477	642,333	82,812
December	4,708,712,512	1,432,581,251	395,039,641	6,536,333,404	9,123,677	2,775,792	765,435	12,664,904	678,022	87,413

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively for the period July to December. The allocation for January to June was 87.09% and 12.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	1,433,123	1,433,123	106,720	106,720	1,539,843	403,540	403,540
February	2,986,001	1,552,878	221,726	115,006	1,667,884	848,490	444,950
March	4,440,228	1,454,227	329,656	107,930	1,562,157	1,272,160	423,670
April	5,588,961	1,148,733	414,976	85,320	1,234,053	1,662,997	390,837
May	6,107,593	518,632	452,427	37,451	556,083	1,854,840	191,843
June	6,405,197	297,604	473,840	21,413	319,017	1,945,250	90,410
July	6,401,294	(3,903)	480,795	6,955	3,052	1,950,453	5,203
August	6,568,322	167,028	493,087	12,292	179,320	2,007,983	57,530
September	6,868,891	300,569	515,860	22,773	323,342	2,106,623	98,640
October	7,531,853	662,962	564,342	48,482	711,444	2,298,147	191,524
November	8,605,428	1,073,575	642,333	77,991	1,151,566	2,609,904	311,757
December	9,123,677	518,249	678,022	35,689	553,938	2,775,792	165,888
		9,123,677		678,022	9,801,699		2,775,792

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers <sup>(2)</sup>	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,748,376,165	1,423,320,641	397,638,895	6,569,335,701	(453,861)	(136,044)	(38,007)	(627,912)	(33,667)	(4,340)
February	4,723,345,659	1,415,249,384	394,875,892	6,533,470,935	(71,797)	(21,512)	(6,003)	(99,312)	(5,317)	(686)
March	4,716,235,662	1,417,722,384	392,104,308	6,526,062,354	1,280,862	385,033	106,490	1,772,385	94,329	12,161
April	4,733,403,005	1,410,260,071	391,616,080	6,535,279,156	2,365,195	704,681	195,684	3,265,560	173,337	22,347
May	4,732,709,144	1,391,656,193	389,149,531	6,513,514,868	2,602,392	765,235	213,983	3,581,610	189,546	24,437
June	4,721,451,875	1,373,726,332	386,302,993	6,481,481,200	2,684,670	781,116	219,656	3,685,442	194,571	25,085
July	4,707,412,951	1,357,898,416	386,093,124	6,451,404,491	3,531,034	1,018,561	289,608	4,839,203	256,535	33,073
August	4,703,090,858	1,348,697,237	385,823,905	6,437,612,000	3,958,887	1,135,283	324,773	5,418,943	287,684	37,089
September	4,691,690,813	1,346,879,648	384,453,745	6,423,024,206	4,703,660	1,350,316	385,434	6,439,410	341,417	44,017
October	4,696,363,578	1,335,636,755	384,785,523	6,416,785,856	6,657,475	1,893,373	545,465	9,096,313	483,173	62,292
November	4,683,360,849	1,286,324,284	382,836,165	6,352,521,298	9,419,709	2,587,202	770,004	12,776,915	682,070	87,934
December	4,664,093,036	1,236,901,333	380,784,148	6,281,778,517	12,094,331	3,207,375	987,400	16,289,106	874,639	112,761

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The kWh for industrial customers decreased 633,199 over the period July to December 2004 due to a sales adjustment recorded in January 2005. This decrease is reflected in the current Twelve Months-to-Date figures.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	(453,861)	(453,861)	(33,667)	(33,667)	(487,528)	(136,044)	(136,044)
February	(71,797)	382,064	(5,317)	28,350	410,414	(21,512)	114,532
March	1,280,862	1,352,659	94,329	99,646	1,452,305	385,033	406,545
April	2,365,195	1,084,333	173,337	79,008	1,163,341	704,681	319,648
May	2,602,392	237,197	189,546	16,209	253,406	765,235	60,554
June	2,684,670	82,278	194,571	5,025	87,303	781,116	15,881
July	3,531,034	846,364	256,535	61,964	908,328	1,018,561	237,445
August	3,958,887	427,853	287,684	31,149	459,002	1,135,283	116,722
September	4,703,660	744,773	341,417	53,733	798,506	1,350,316	215,033
October	6,657,475	1,953,815	483,173	141,756	2,095,571	1,893,373	543,057
November	9,419,709	2,762,234	682,070	198,897	2,961,131	2,587,202	693,829
December	12,094,331	2,674,622	874,639	192,569	2,867,191	3,207,375	620,173
		<u>12,094,331</u>		<u>874,639</u>	<u>12,968,970</u>		<u>3,207,375</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date			Total (kWh) (A+B+C)	Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility (kWh)	Industrial Customers (kWh)	Rural Island Customers (kWh)		Utility (\$) (A/D X H) (to page 7)	Industrial Customers (\$) (B/D X H)	Rural Island Interconnected (\$) (C/D X H)	Total (\$) (from page 5)	Utility (\$) (G X 88.58%) (to page 7)	Labrador Interconnected (\$) (G X 11.42%)
January	4,603,482,008	1,188,367,647	376,375,432	6,168,225,087	2,162,583	558,261	176,810	2,897,654	156,618	20,192
February	4,620,171,116	1,136,702,515	376,424,669	6,133,298,300	4,538,467	1,116,601	369,768	6,024,836	327,540	42,228
March	4,634,244,237	1,073,087,428	375,292,759	6,082,624,424	7,809,496	1,808,336	632,433	10,250,265	560,209	72,224
April	4,621,302,895	1,024,000,515	374,452,140	6,019,755,550	11,032,729	2,444,661	893,953	14,371,343	791,864	102,089
May	4,609,765,227	981,528,003	374,456,453	5,965,749,683	12,874,687	2,741,325	1,045,826	16,661,838	926,393	119,433
June	4,594,152,281	951,832,522	372,344,354	5,918,329,157	13,119,395	2,718,122	1,063,294	16,900,811	941,866	121,428
July	4,594,486,924	911,715,198	371,740,237	5,877,942,359	13,210,500	2,621,449	1,068,862	16,900,811	946,798	122,064
August	4,588,974,277	860,100,491	371,229,450	5,820,304,218	13,325,315	2,497,532	1,077,964	16,900,811	954,861	123,103
September	4,583,021,023	803,185,295	371,214,096	5,757,420,414	13,463,574	2,359,523	1,090,518	16,913,615	965,981	124,537
October	4,582,997,552	756,236,114	370,760,239	5,709,993,905	15,532,657	2,563,029	1,256,578	19,352,264	1,113,077	143,501
November	4,573,026,350	749,436,580	370,902,570	5,693,365,500	17,492,962	2,866,781	1,418,795	21,778,538	1,256,769	162,026
December	4,616,864,312	749,100,463	372,345,900	5,738,310,675	20,689,845	3,356,991	1,668,617	25,715,453	1,478,061	190,556

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	2,162,583	2,162,583	156,618	156,618	2,319,201	558,261	558,261
February	4,538,467	2,375,884	327,540	170,922	2,546,806	1,116,601	558,340
March	7,809,496	3,271,029	560,209	232,669	3,503,698	1,808,336	691,735
April	11,032,729	3,223,233	791,864	231,655	3,454,888	2,444,661	636,325
May	12,874,687	1,841,958	926,393	134,529	1,976,487	2,741,325	296,664
June	13,119,395	244,708	941,866	15,473	260,181	2,718,122	(23,203)
July	13,210,500	91,105	946,798	4,932	96,037	2,621,449	(96,673)
August	13,325,315	114,815	954,861	8,063	122,878	2,497,532	(123,917)
September	13,463,574	138,259	965,981	11,120	149,379	2,359,523	(138,009)
October	15,532,657	2,069,083	1,113,077	147,096	2,216,179	2,563,029	203,506
November	17,492,962	1,960,305	1,256,769	143,692	2,103,997	2,866,781	303,752
December	20,689,845	3,196,883	1,478,061	221,292	3,418,175	3,356,991	490,210
		<u>20,689,845</u>		<u>1,478,061</u>	<u>22,167,906</u>		<u>3,356,991</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,661,863,479	749,734,721	374,020,081	5,785,618,281	(1,299,083)	(208,922)	(104,226)	(1,612,231)	(92,865)	(11,361)
February	4,699,613,239	756,787,987	375,955,265	5,832,356,491	(2,879,367)	(463,670)	(230,341)	(3,573,378)	(205,234)	(25,107)
March	4,715,725,889	773,537,749	379,723,680	5,868,987,318	(4,773,729)	(783,052)	(384,394)	(5,941,175)	(342,495)	(41,899)
April	4,779,221,431	780,435,589	382,343,048	5,942,000,068	(6,192,563)	(1,011,231)	(495,412)	(7,699,206)	(441,412)	(54,000)
May	4,834,932,413	792,423,226	386,603,082	6,013,958,721	(6,816,284)	(1,117,158)	(545,032)	(8,478,474)	(485,624)	(59,408)
June	4,868,431,946	795,936,264	390,313,494	6,054,681,704	(7,060,500)	(1,154,316)	(566,057)	(8,780,873)	(504,357)	(61,700)
July	4,881,848,366	796,326,557	391,675,595	6,069,850,518	(7,026,947)	(1,146,235)	(563,779)	(8,736,961)	(502,327)	(61,452)
August	4,878,879,744	804,630,152	393,535,158	6,077,045,054	(7,008,992)	(1,155,931)	(565,352)	(8,730,275)	(503,729)	(61,623)
September	4,890,302,421	802,684,146	394,303,282	6,087,289,849	(7,013,467)	(1,151,176)	(565,493)	(8,730,136)	(503,854)	(61,639)
October	4,915,887,352	792,629,130	394,486,611	6,103,003,093	(6,839,463)	(1,102,783)	(548,849)	(8,491,095)	(489,024)	(59,825)
November	4,945,742,586	777,878,124	396,548,060	6,120,168,770	(6,060,580)	(953,222)	(485,936)	(7,499,738)	(432,969)	(52,967)
December	4,990,718,593	771,198,558	400,018,423	6,161,935,574	(4,674,524)	(722,338)	(374,675)	(5,771,537)	(333,835)	(40,840)

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	(1,299,083)	(1,299,083)	(92,865)	(92,865)	(1,391,948)	(208,922)	(208,922)
February	(2,879,367)	(1,580,284)	(205,234)	(112,369)	(1,692,653)	(463,670)	(254,748)
March	(4,773,729)	(1,894,362)	(342,495)	(137,261)	(2,031,623)	(783,052)	(319,382)
April	(6,192,563)	(1,418,834)	(441,412)	(98,917)	(1,517,751)	(1,011,231)	(228,179)
May	(6,816,284)	(623,721)	(485,624)	(44,212)	(667,933)	(1,117,158)	(105,927)
June	(7,060,500)	(244,216)	(504,357)	(18,733)	(262,949)	(1,154,316)	(37,158)
July	(7,026,947)	33,553	(502,327)	2,030	35,583	(1,146,235)	8,081
August	(7,008,992)	17,955	(503,729)	(1,402)	16,553	(1,155,931)	(9,696)
September	(7,013,467)	(4,475)	(503,854)	(125)	(4,600)	(1,151,176)	4,755
October	(6,839,463)	174,004	(489,024)	14,830	188,834	(1,102,783)	48,393
November	(6,060,580)	778,883	(432,969)	56,055	834,938	(953,222)	149,561
December	(4,674,524)	1,386,056	(333,835)	99,134	1,485,190	(722,338)	230,884
		<u>(4,674,524)</u>		<u>(333,835)</u>	<u>(5,008,359)</u>		<u>(722,338)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance – Year-to-Date**  
**December 31, 2008**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	Customers	Customers	Customers		Customers	Customers	Interconnected		Interconnected	
	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	5,013,930,402	757,617,115	402,636,925	6,174,184,442	3,825,249	578,004	307,182	4,710,435	273,699	33,483
February	5,010,687,516	745,479,713	405,359,469	6,161,526,698	7,325,661	1,089,897	592,638	9,008,196	528,040	64,598
March	5,037,540,915	725,101,495	407,923,188	6,170,565,598	10,294,212	1,481,744	833,591	12,609,547	742,730	90,861
April	5,021,579,114	715,981,053	407,769,144	6,145,329,311	12,518,206	1,784,857	1,016,520	15,319,583	905,719	110,801
May	5,010,732,890	698,078,679	407,998,011	6,116,809,580	14,308,334	1,993,390	1,165,053	17,466,777	1,038,062	126,991
June	4,998,998,529	681,489,225	409,750,041	6,090,237,795	14,872,825	2,027,540	1,219,072	18,119,437	1,086,193	132,879
July	4,991,379,950	667,970,308	410,477,609	6,069,827,867	14,900,137	1,994,008	1,225,347	18,119,492	1,091,784	133,563
August	5,008,640,188	651,211,542	411,239,047	6,071,090,777	14,936,636	1,942,026	1,226,387	18,105,049	1,092,711	133,676
September	5,010,044,656	648,919,073	411,961,865	6,070,925,594	14,934,385	1,934,355	1,228,013	18,096,753	1,094,160	133,853
October	5,012,364,843	661,618,615	412,275,567	6,086,259,025	17,895,007	2,362,093	1,471,895	21,728,995	1,311,458	160,437
November	5,004,210,952	684,182,648	412,005,514	6,100,399,114	22,703,203	3,104,013	1,869,195	27,676,411	1,665,453	203,742
December	4,959,752,852	690,182,871	411,682,211	6,061,617,934	22,701,806	3,159,108	1,884,354	27,745,268	1,678,959	205,395

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Allocation of Fuel Variance – Monthly  
December 31, 2008**

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	3,825,249	3,825,249	273,699	273,699	4,098,948	578,004	578,004
February	7,325,661	3,500,412	528,040	254,341	3,754,753	1,089,897	511,893
March	10,294,212	2,968,551	742,730	214,690	3,183,241	1,481,744	391,847
April	12,518,206	2,223,994	905,719	162,989	2,386,983	1,784,857	303,113
May	14,308,334	1,790,128	1,038,062	132,343	1,922,471	1,993,390	208,533
June	14,872,825	564,491	1,086,193	48,131	612,622	2,027,540	34,150
July	14,900,137	27,312	1,091,784	5,591	32,903	1,994,008	(33,532)
August	14,936,636	36,499	1,092,711	927	37,426	1,942,026	(51,982)
September	14,934,385	(2,251)	1,094,160	1,449	(802)	1,934,355	(7,671)
October	17,895,007	2,960,622	1,311,458	217,298	3,177,920	2,362,093	427,738
November	22,703,203	4,808,196	1,665,453	353,995	5,162,191	3,104,013	741,920
December	22,701,806	(1,397)	1,678,959	13,506	12,109	3,159,108	55,095
		<u>22,701,806</u>		<u>1,678,959</u>	<u>24,380,765</u>		<u>3,159,108</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance – Year-to-Date**  
**December 31, 2009**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 89.10%)	(G X 10.90%)
					(to page 7)			(from page 5)	(to page 7)	
January	5,005,151,512	689,749,882	414,470,780	6,109,372,174	(499,888)	(68,889)	(41,395)	(610,172)	(36,883)	(4,512)
February	5,010,856,454	680,296,222	412,537,210	6,103,689,886	(1,969,625)	(267,405)	(162,157)	(2,399,187)	(144,482)	(17,675)
March	5,003,195,483	666,365,030	412,541,893	6,082,102,406	(3,488,061)	(464,567)	(287,611)	(4,240,239)	(256,261)	(31,350)
April	4,989,239,677	625,317,933	413,558,514	6,028,116,124	(4,715,017)	(590,949)	(390,828)	(5,696,794)	(348,228)	(42,600)
May	4,968,395,779	587,975,854	413,195,928	5,969,567,561	(5,188,051)	(613,971)	(431,463)	(6,233,485)	(384,434)	(47,029)
June	4,973,908,918	562,003,055	409,782,881	5,945,694,854	(5,374,782)	(607,298)	(442,809)	(6,424,889)	(394,543)	(48,266)
July	4,987,839,609	535,491,993	408,086,623	5,931,418,225	(5,402,808)	(580,043)	(442,038)	(6,424,889)	(393,856)	(48,182)
August	4,989,721,971	512,632,364	407,951,793	5,910,306,128	(5,424,140)	(557,263)	(443,470)	(6,424,873)	(395,132)	(48,338)
September	4,999,960,523	488,905,941	408,071,177	5,896,937,641	(5,453,094)	(533,214)	(445,054)	(6,431,362)	(396,543)	(48,511)
October	5,041,831,300	457,254,549	412,332,579	5,911,418,428	(6,019,689)	(545,939)	(492,304)	(7,057,932)	(438,643)	(53,661)
November	5,077,674,472	415,239,050	415,532,992	5,908,446,514	(5,616,939)	(459,339)	(459,664)	(6,535,942)	(409,561)	(50,103)
December	5,111,194,217	384,777,985	415,318,157	5,911,290,359	(3,910,845)	(294,414)	(317,782)	(4,523,041)	(283,144)	(34,638)

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Allocation of Fuel Variance – Monthly  
December 31, 2009**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Fuel Variance</b>		<b>Rural Allocation</b>		<b>Total Fuel Variance</b>	<b>Fuel Variance</b>	
	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Activity for</b>	<b>Year-to-Date</b>	<b>Current Month</b>
	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>the month</b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>(from page 6)</b>		<b>(from page 6)</b>		<b>(B + D)</b>	<b>(from page 6)</b>	<b>(to page 11)</b>
January	(499,888)	(499,888)	(36,883)	(36,883)	(536,771)	(68,889)	(68,889)
February	(1,969,625)	(1,469,737)	(144,482)	(107,599)	(1,577,336)	(267,405)	(198,516)
March	(3,488,061)	(1,518,436)	(256,261)	(111,779)	(1,630,215)	(464,567)	(197,162)
April	(4,715,017)	(1,226,956)	(348,228)	(91,967)	(1,318,923)	(590,949)	(126,382)
May	(5,188,051)	(473,034)	(384,434)	(36,206)	(509,240)	(613,971)	(23,022)
June	(5,374,782)	(186,731)	(394,543)	(10,109)	(196,840)	(607,298)	6,673
July	(5,402,808)	(28,026)	(393,856)	687	(27,339)	(580,043)	27,255
August	(5,424,140)	(21,332)	(395,132)	(1,276)	(22,608)	(557,263)	22,780
September	(5,453,094)	(28,954)	(396,543)	(1,411)	(30,365)	(533,214)	24,049
October	(6,019,689)	(566,595)	(438,643)	(42,100)	(608,695)	(545,939)	(12,725)
November	(5,616,939)	402,750	(409,561)	29,082	431,832	(459,339)	86,600
December	(3,910,845)	1,706,094	(283,144)	126,417	1,832,511	(294,414)	164,925
		<u>(3,910,845)</u>		<u>(283,144)</u>	<u>(4,193,989)</u>		<u>(294,414)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**RSP Components to be charged to Industrial Customers**

---

1 Q. For the years 2004 to 2009, provide a monthly detail of each of the components of  
2 the Load variation adjustment (fuel and revenue), separating the amounts  
3 corresponding to Newfoundland Power, the rural retail customers and each of the  
4 Industrial Customers.

5

6

7 A. The creation of the load variation adjustment can be calculated by customer,  
8 however, the subsequent payment or refund of these amounts is not determinable,  
9 which is assumed to be sought in this question. As with the other components, the  
10 amount corresponding to each Industrial Customer is indeterminable, as the  
11 allocation forms part of the customer balance, which is refunded or collected  
12 through energy rates based on future sales.

13

14 Please see Pages 2 and 3 for the allocation of the Load Variation Adjustment (fuel  
15 and revenue, respectively) for the years 2004 to 2009 as reflected in the monthly  
16 RSP reports.

**IC-NLH-22, Attachment 1, Page 428 of 541**  
**2013 RSP Application**

PUB-NLH-32  
RSP Components to be charged to Industrial Customers  
Page 2 of 3

**Load Variation Adjustment (Fuel Only)**  
**(\$000)**

	<u>2004</u>			
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers<sup>(1)</sup></u>	<u>Industrial Customers<sup>(2)</sup></u>	<u>Monthly Total</u>
January	819		89	908
February	978		319	1,297
March	1,447		(27)	1,420
April	192		51	243
May	492		269	761
June	1,171		116	1,287
July	625		488	1,113
August	359		432	791
September	630		482	1,112
October	(505)		628	123
November	(877)		137	(741)
December	(1,341)		171	(1,170)
Total	3,989	0	3,155	7,143

	<u>2005</u>			
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers<sup>(1)</sup></u>	<u>Industrial Customers<sup>(2)</sup></u>	<u>Monthly Total</u>
January	2,232		(214)	2,018
February	(2,250)		(18)	(2,268)
March	18		297	316
April	(423)		(39)	(462)
May	(1,027)		74	(953)
June	324		(670)	(346)
July	(14)		(236)	(250)
August	162		9	171
September	111		395	506
October	(299)		123	(175)
November	(1,452)		(2,040)	(3,492)
December	(2,198)		(2,031)	(4,229)
Total	(4,814)	0	(4,351)	(9,165)

	<u>2006</u>			
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers<sup>(1)</sup></u>	<u>Industrial Customers<sup>(2)</sup></u>	<u>Monthly Total</u>
January	(832)		(2,668)	(3,500)
February	(1,429)		(2,560)	(3,989)
March	695		(2,760)	(2,066)
April	(1,042)		(2,399)	(3,441)
May	(1,552)		(1,859)	(3,410)
June	(381)		(2,021)	(2,401)
July	2		(2,061)	(2,059)
August	(88)		(2,339)	(2,427)
September	(161)		(2,194)	(2,355)
October	(299)		(1,963)	(2,261)
November	(1,889)		(2,340)	(4,229)
December	(249)		(2,046)	(2,295)
Total	(7,226)	0	(27,209)	(34,435)

	<u>2007</u>			
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers<sup>(1)</sup></u>	<u>Industrial Customers<sup>(2)</sup></u>	<u>Monthly Total</u>
January	(624)		(1,173)	(1,796)
February	1,677		(554)	1,123
March	719		(86)	633
April	1,982		(626)	1,356
May	2,016		496	2,512
June	1,049		(104)	945
July	(756)		(546)	(1,303)
August	(1,973)		(425)	(2,398)
September	(1,094)		(1,400)	(2,494)
October	914		(2,193)	(1,279)
November	(1,450)		(2,405)	(3,855)
December	3,479		(1,771)	1,708
Total	5,939	0	(10,787)	(4,848)

	<u>2008</u>			
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers<sup>(1)</sup></u>	<u>Industrial Customers<sup>(2)</sup></u>	<u>Monthly Total</u>
January	1,372		(2,340)	(969)
February	1,396		(1,608)	(212)
March	3,083		(1,880)	1,203
April	576		(1,429)	(852)
May	1,061		(1,080)	(19)
June	35		(1,539)	(1,505)
July	(1,420)		(1,716)	(3,136)
August	(480)		(1,874)	(2,355)
September	(941)		(1,598)	(2,540)
October	1,115		(1,094)	22
November	(2,156)		(451)	(2,606)
December	(684)		(1,209)	(1,893)
Total	2,957	0	(17,819)	(14,862)

	<u>2009</u>			
<u>Month</u>	<u>Newfoundland Power</u>	<u>Rural Retail Customers<sup>(1)</sup></u>	<u>Industrial Customers<sup>(2)</sup></u>	<u>Monthly Total</u>
January	5,276		(2,378)	2,898
February	1,892		(2,430)	(538)
March	2,408		(3,107)	(698)
April	(654)		(5,042)	(5,696)
May	(981)		(4,367)	(5,349)
June	98		(3,786)	(3,687)
July	(278)		(4,009)	(4,286)
August	(250)		(3,852)	(4,102)
September	(56)		(3,650)	(3,706)
October	4,742		(3,835)	907
November	948		(4,089)	(3,141)
December	2,455		(4,061)	(1,605)
Total	15,601	0	(44,604)	(29,003)

<sup>(1)</sup> None of the Load Variation Adjustment is allocated to Rural Retail Customers.

<sup>(2)</sup> Calculated for the entire class only in the RSP reports.

**IC-NLH-22, Attachment 1, Page 429 of 541**  
**2013 RSP Application**

PUB-NLH-32  
RSP Components to be charged to Industrial Customers  
Page 3 of 3

**Load Variation Adjustment (Revenue Only)**  
**(\$000)**

<u>Month</u>	<u>2004</u>				<u>2005</u>			
	Newfoundland <u>Power</u>	Rural Retail Customers	Industrial <u>Customers</u>	Monthly <u>Total</u>	Newfoundland <u>Power</u>	Rural Retail Customers	Industrial <u>Customers</u>	Monthly <u>Total</u>
January	(1,001)		(54)	(1,055)	(2,075)		113	(1,962)
February	(1,169)		(190)	(1,359)	2,149		10	2,159
March	(1,719)		16	(1,703)	(18)		(165)	(183)
April	(225)		(30)	(254)	413		22	435
May	(571)		(156)	(727)	1,061		(43)	1,018
June	(1,360)		(67)	(1,427)	(336)		394	58
July	(719)		(287)	(1,006)	14		139	153
August	(413)		(254)	(667)	(168)		(5)	(173)
September	(724)		(283)	(1,008)	(115)		(232)	(347)
October	595		(378)	217	316		(74)	241
November	1,043		(83)	959	1,549		1,239	2,788
December	1,580		(103)	1,477	2,324		1,222	3,546
<b>Total</b>	<b>(4,683)</b>	<b>0</b>	<b>(1,870)</b>	<b>(6,553)</b>	<b>5,115</b>	<b>0</b>	<b>2,619</b>	<b>7,734</b>

<u>Month</u>	<u>2006</u>				<u>2007</u>			
	Newfoundland <u>Power</u>	Rural Retail Customers	Industrial <u>Customers</u>	Monthly <u>Total</u>	Newfoundland <u>Power</u>	Rural Retail Customers	Industrial <u>Customers</u>	Monthly <u>Total</u>
January	773		1,412	2,185	638		501	1,140
February	1,365		1,392	2,757	(1,700)		234	(1,466)
March	(679)		1,536	857	(719)		36	(683)
April	1,019		1,335	2,354	(1,982)		261	(1,721)
May	1,603		1,093	2,696	(2,016)		(207)	(2,223)
June	393		1,188	1,581	(1,068)		44	(1,024)
July	(2)		1,212	1,210	770		232	1,002
August	91		1,375	1,467	2,009		181	2,189
September	166		1,290	1,456	1,111		595	1,706
October	316		1,182	1,498	(929)		931	2
November	2,016		1,421	3,437	1,474		1,021	2,495
December	264		1,231	1,495	(3,272)		695	(2,576)
<b>Total</b>	<b>7,326</b>	<b>0</b>	<b>15,667</b>	<b>22,993</b>	<b>(5,685)</b>	<b>0</b>	<b>4,525</b>	<b>(1,160)</b>

<u>Month</u>	<u>2008</u>				<u>2009</u>			
	Newfoundland <u>Power</u>	Rural Retail Customers	Industrial <u>Customers</u>	Monthly <u>Total</u>	Newfoundland <u>Power</u>	Rural Retail Customers	Industrial <u>Customers</u>	Monthly <u>Total</u>
January	(1,405)		1,001	(404)	(5,403)		1,017	(4,386)
February	(1,415)		681	(735)	(1,917)		1,028	(889)
March	(3,084)		785	(2,298)	(2,409)		1,297	(1,112)
April	(577)		597	20	654		2,105	2,759
May	(1,061)		451	(610)	961		1,824	2,785
June	(35)		654	619	(140)		1,609	1,469
July	1,445		729	2,174	276		1,704	1,980
August	489		797	1,285	261		1,637	1,898
September	958		679	1,638	57		1,551	1,608
October	(1,134)		464	(670)	(4,821)		1,628	(3,193)
November	2,192		191	2,383	(964)		1,736	772
December	643		475	1,118	(2,309)		1,594	(715)
<b>Total</b>	<b>(2,983)</b>	<b>0</b>	<b>7,503</b>	<b>4,520</b>	<b>(15,754)</b>	<b>0</b>	<b>18,730</b>	<b>2,976</b>

**RSP Components to be charged to Industrial Customers**

---

- 1 Q. For the years 2004 to 2009, provide a monthly detail of the Rural Rate Alteration  
2 adjustment, separating the amounts corresponding to Newfoundland Power, the  
3 rural retail customers and each of the Industrial Customers.  
4  
5  
6 A. Please see Page 2 of 2 for the allocation of the Rural Rate Alteration adjustment for  
7 the years 2004 to 2009 as reflected in the monthly RSP reports.

**IC-NLH-22, Attachment 1, Page 431 of 541**  
**2013 RSP Application**

PUB-NLH-33  
RSP Components to be charged to Industrial Customers  
Page 2 of 2

**Rural Rate Alteration Adjustment**  
**(\$000)**

<b>2004</b>				
<b>Month</b>	<b>Newfoundland Power</b>	<b>Rural Retail Customers <sup>(1)</sup></b>	<b>Industrial Customers <sup>(2)</sup></b>	<b>Monthly Total</b>
January	(56)	(8)	0	(65)
February	(53)	(8)	0	(61)
March	(48)	(7)	0	(55)
April	(46)	(7)	0	(53)
May	(37)	(6)	0	(43)
June	(34)	(5)	0	(39)
July	(52)	(7)	0	(59)
August	(99)	(13)	0	(112)
September	(91)	(12)	0	(102)
October	(93)	(12)	0	(105)
November	(103)	(13)	0	(116)
December	(123)	(16)	0	(139)
<b>Total</b>	<b>(836)</b>	<b>(113)</b>	<b>0</b>	<b>(949)</b>

<b>2005</b>				
<b>Month</b>	<b>Newfoundland Power</b>	<b>Rural Retail Customers <sup>(1)</sup></b>	<b>Industrial Customers <sup>(2)</sup></b>	<b>Monthly Total</b>
January	(165)	(21)	0	(187)
February	(138)	(18)	0	(156)
March	(120)	(15)	0	(136)
April	(121)	(16)	0	(137)
May	(104)	(13)	0	(118)
June	(132)	(17)	0	(149)
July	(140)	(18)	0	(159)
August	(221)	(29)	0	(250)
September	(214)	(28)	0	(241)
October	(212)	(27)	0	(240)
November	(238)	(31)	0	(269)
December	(257)	(33)	0	(290)
<b>Total</b>	<b>(2,063)</b>	<b>(266)</b>	<b>0</b>	<b>(2,329)</b>

<b>2006</b>				
<b>Month</b>	<b>Newfoundland Power</b>	<b>Rural Retail Customers <sup>(1)</sup></b>	<b>Industrial Customers <sup>(2)</sup></b>	<b>Monthly Total</b>
January	(360)	(46)	0	(406)
February	(319)	(41)	0	(360)
March	(299)	(38)	0	(337)
April	(290)	(37)	0	(328)
May	(245)	(32)	0	(276)
June	(245)	(32)	0	(276)
July	(268)	(35)	0	(302)
August	(318)	(41)	0	(359)
September	(353)	(46)	0	(398)
October	(342)	(44)	0	(386)
November	(385)	(50)	0	(434)
December	(419)	(54)	0	(473)
<b>Total</b>	<b>(3,842)</b>	<b>(495)</b>	<b>0</b>	<b>(4,337)</b>

<b>2007</b>				
<b>Month</b>	<b>Newfoundland Power</b>	<b>Rural Retail Customers <sup>(1)</sup></b>	<b>Industrial Customers <sup>(2)</sup></b>	<b>Monthly Total</b>
January	104	13	0	117
February	102	13	0	115
March	101	12	0	113
April	101	12	0	114
May	100	12	0	112
June	101	12	0	113
July	120	15	0	134
August	182	22	0	205
September	181	22	0	203
October	174	21	0	196
November	191	23	0	214
December	201	25	0	226
<b>Total</b>	<b>1,659</b>	<b>203</b>	<b>0</b>	<b>1,862</b>

<b>2008</b>				
<b>Month</b>	<b>Newfoundland Power</b>	<b>Rural Retail Customers <sup>(1)</sup></b>	<b>Industrial Customers <sup>(2)</sup></b>	<b>Monthly Total</b>
January	126	15	0	142
February	42	5	0	48
March	42	5	0	47
April	60	7	0	67
May	64	8	0	72
June	58	7	0	65
July	9	1	0	10
August	(115)	(14)	0	(129)
September	(110)	(14)	0	(124)
October	(108)	(13)	0	(122)
November	(128)	(16)	0	(144)
December	(158)	(19)	0	(177)
<b>Total</b>	<b>(219)</b>	<b>(27)</b>	<b>0</b>	<b>(245)</b>

<b>2009</b>				
<b>Month</b>	<b>Newfoundland Power</b>	<b>Rural Retail Customers <sup>(1)</sup></b>	<b>Industrial Customers <sup>(2)</sup></b>	<b>Monthly Total</b>
January	(261)	(32)	0	(292)
February	(320)	(39)	0	(359)
March	(207)	(25)	0	(233)
April	(192)	(24)	0	(216)
May	(160)	(20)	0	(180)
June	(143)	(17)	0	(160)
July	(74)	(9)	0	(83)
August	57	7	0	64
September	68	8	0	76
October	71	9	0	80
November	76	9	0	85
December	59	7	0	66
<b>Total</b>	<b>(1,027)</b>	<b>(126)</b>	<b>0</b>	<b>(1,152)</b>

<sup>(1)</sup> Not included in the plan.

<sup>(2)</sup> None of the Rural Rate Alteration Adjustment is allocated to the Industrial Customers.

**RSP Components to be charged to Industrial Customers**

---

1 Q. For the years 2004 to 2009, provide a monthly detail of the Financing adjustment,  
2 separating the amounts corresponding to Newfoundland Power, the rural retail  
3 customers and each of the Industrial Customers. Also, please provide detailed  
4 calculations showing how this adjustment is determined. This should be fully  
5 evident from the spreadsheet formulas, supporting spreadsheets and files.  
6  
7

8 A. The Financing adjustment is calculated by multiplying the respective Newfoundland  
9 Power and Industrial Customer balances by the approved notional weighted  
10 average cost of capital. As a result, there is only an immaterial allocation of  
11 hydraulic variation financing charges to the Rural Retail Customers. Additionally, as  
12 there are not separate balances assigned to each Industrial Customer and recovery  
13 of plan balances are achieved through energy rates on varying sales, individual  
14 customer financing charges are not determinable.  
15

16 The RSP models provided in response to PUB-NLH-27 and PUB-NLH-29 include  
17 detailed calculations.

**RSP Components to be charged to Industrial Customers**

---

Page 1 of 2

1 Q. For the years 2004 to 2009, provide a monthly detail of any other adjustment (if  
2 any) incorporated in the updated Appendix A, separating the amounts  
3 corresponding to Newfoundland Power, the rural retail customers and each of the  
4 Industrial Customers. Also, please provide detailed calculations showing how these  
5 other adjustments are determined.

6

7

8 A. Explanations of the amounts reported in the “Other” column are given in the notes  
9 on Page 2 of 2.

10

11 The file that includes the information on Page 2 of 2 is not a working model. Data  
12 values have been entered from several other files.

**IC-NLH-22, Attachment 1, Page 434 of 541**  
**2013 RSP Application**

**PUB-NLH-35**  
**RSP Components to be charged to Industrial Customers**  
**Page 2 of 2**

(\$ 000)														Lab Intc / Deficit
Annual Activity								Adjustment	Plan Balances					
Hydraulic	Fuel Cost	Load	RRA <sup>(1)</sup>	Financing	Other	Total	NP		IC	Hydraulic	Total			
1986	12,045	(11,814)	(2,506)		267		(2,008)		(1,889)	(119)		(2,008)		
1987	54,280	(35,044)	(1,582)		709	2	18,365	(68)	8,063	8,222		16,285		
1988	(726)	(34,175)	62		170		(34,669)	(245)	(18,498)	(131)		(18,629)		
1989	15,341	(33,097)	1,378		(3,508)		(19,886)	5,704	(31,004)	(1,807)		(32,811)		
1990	13,619	3,175	(1,781)		(1,666)	8,941 <sup>(2)</sup>	22,288	10,010	(4,445)	3,932		(513)		
1991	(2,757)	(4,853)	(3,054)		(326)		(10,990)	3,803	(10,530)	2,830		(7,700)		
1992	(198)	3,469	1,482		(111)	6,488 <sup>(3)</sup>	11,130	664	593	3,505		4,098		
1993	(4,668)	7,397	1,834	(26)	746		5,283	47	3,825	5,636		9,461	33	
1994	(17,077)	3,509	2,315	(120)	32		(11,341)	(2,120)	(5,610)	1,575		(4,035)	(35)	
1995	(3,733)	19,015	1,820	(134)	537		17,505	(694)	6,900	6,016		12,916	140	
1996	(7,419)	21,805	2,441	(140)	2,005		18,692	(1,506)	21,002	9,160		30,162	60	
1997	(8,545)	24,507	(560)	(478)	3,346		18,270	(7,103)	27,644	13,734		41,378	50	
1998	(967)	12,068	3,435	122	4,150		18,808	(11,227)	33,009	15,776		48,785	(174)	
1999	(15,859)	9,128	5,050	(394)	3,223		1,148	(15,427)	21,436	12,892		34,328	(178)	
2000	(16,614)	29,359	521	(880)	2,724	(862) <sup>(4)</sup>	14,248	(13,734)	22,684	12,056		34,740	(102)	
2001	5,243	56,879	(3,506)	125	4,438		63,179	(11,152)	60,300	24,768		85,068	(1,699)	
2002	6,967	46,113	(5,313)	(326)	7,189	184 <sup>(5)</sup>	54,814	(13,921)	92,060	32,711		124,771	(1,190)	
2003	4,130	36,534	(2,846)	(227)	10,333		47,924	(16,669)	114,790	40,914		155,703	(320)	
2004	Current	(7,362)	12,665	590	(949)	79	(12) <sup>(5)</sup>	5,012	(1,951)	4,909	3,713	(5,521)	3,101	41
	Historical					10,459	5 <sup>(5)</sup>	10,464	(32,236)	101,660	32,273		133,933	
	Total	(7,362)	12,665	590	(949)	10,538	(6)	15,476	(34,187)	106,569	35,986	(5,521)	137,034	
2005	Current	(8,646)	16,289	(1,431)	(2,329)	(309)		3,574	(18,660)	120	(1,296)	(10,625)	(11,801)	183
	Historical					8,768		8,768	(37,835)	79,781	25,086		104,867	
	Total	(8,646)	16,289	(1,431)	(2,329)	8,459		12,342	(56,494)	79,900	23,790	(10,625)	93,065	
2006	Current	(10,678)	25,715	(11,442)	(4,337)	(2,067)		(2,809)	(35,396)	(19,268)	(14,406)	(15,978)	(49,652)	354
	Historical <sup>(6)</sup>					6,412		6,412	(48,285)	53,893	9,101		62,994	
	Total	(10,678)	25,715	(11,442)	(4,337)	4,345		3,604	(83,681)	34,625	(5,306)	(15,978)	13,342	
2007	Current	(19,761)	(5,772)	(6,008)	1,862	(3,097)	20,320 <sup>(7)</sup>	(12,455)	23,917	(14,659)	(8,829)	(14,820)	(38,309)	(119)
	Historical					1,972	(20,073) <sup>(8)</sup>	(18,101)	(32,839)	12,053	0		12,053	
	Total	(19,761)	(5,772)	(6,008)	1,862	(1,125)		(30,556)	(8,922)	(2,606)	(8,829)	(14,820)	(26,255)	
2008	Current	(26,383)	27,745	(10,341)	(245)	(2,937)	(2,231) <sup>(9)</sup>	(14,393)	(440)	(10,330)	(11,994)	(30,903)	(53,227)	(85)
	Historical					191	2,238 <sup>(10)</sup>	2,429	(14,482)	0	0		0	
	Total	(26,383)	27,745	(10,341)	(245)	(2,746)		(11,964)	(14,923)	(10,330)	(11,994)	(30,903)	(53,227)	
2009	Current	(12,006)	(4,523)	(26,027)	(1,152)	(7,026)		(50,734)	(18,300)	(52,940)	(36,875)	(32,181)	(121,996)	266
	Historical					0		0	0	0	0		0	
	Total	(12,006)	(4,523)	(26,027)	(1,152)	(7,026)		(50,734)	(18,300)	(52,940)	(36,875)	(32,181)	(121,996)	
<sup>(1)</sup> Rural Rate Alteration														
<sup>(2)</sup> 1989 PDD loss														
<sup>(3)</sup> 1991 Retail cost deferral														
<sup>(4)</sup> Industrial Rural deficit allocation														
<sup>(5)</sup> Billing adjustments														
<sup>(6)</sup> The 'Adjustment' column includes a \$10 million lump sum provincial government contribution														
										<sup>(7)</sup> Current Plan	<sup>(8)</sup> Historical Plan			
<sup>(7)</sup> and <sup>(8)</sup> Transfer of 2003 industrial customer plan balance										(1,383)	1,383			
Transfer 100% of Hydraulic balance owing to customers to utility customer in historic plan										13,773	(13,773)			
Transfer 2006 hydraulic allocation to utility customers to utility customer historic plan										5,726	(5,726)			
Transfer 100% of Hydraulic balance owing to customers to industrial customer in historic plan										2,086	(2,086)			
Transfer 100% of Hydraulic balance owing to customers to Labrador interconnected (write off to income)										118	-			
											129			
										20,320	(20,073)			
										<sup>(9)</sup> Current Plan	<sup>(10)</sup> Historical Plan			
<sup>(9)</sup> and <sup>(10)</sup> Transfer of 2003 utility customer plan balance										(2,238)	2,238			
Billing adjustment										7				
										(2,231)	2,238			

**RSP Components to be charged to Industrial Customers**

---

**Page 1 of 1**

1     Q.     For the years 2004 to 2009, provide a monthly detail of the Plan Balances,  
2             separating the amounts corresponding to Newfoundland Power, the rural retail  
3             customers and each of the Industrial Customers. Also, please provide detailed  
4             calculations showing how this breakdown is calculated. This should be fully evident  
5             from the spreadsheet formulas, supporting spreadsheets and files.

6

7

8     A.     Please see the attached December RSP reports for each year from 2004 to 2009 for  
9             the calculations requested. Page 12 of each report has the summary for  
10            Newfoundland Power and Industrial Customers of the Current Plan balances. For  
11            the years that have balances in the Historic Plan, the summaries are on page 13 of  
12            those reports.

13

14            The amount applicable to each Industrial Customer is not calculable, as individual  
15            balances have not been assigned.

**NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN REPORT  
DECEMBER 2004**

- 1 -

**RATE STABILIZATION PLAN REPORT****Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order P.U. 40 (2003), is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study in effect as of July 1, 2004 is as approved by Board Order P.U. 14 (2004) and based on projections of events and costs that are forecast to happen during a test year. Board Order P.U. 21 (2002 - 2003) approved the test year Cost of Service Study in effect for January to June. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.568% per annum (7.157% January - June). Holyrood's operating efficiency is 630 kWh/barrel (615 kWh/barrel January - June).

2002 Test Year Cost of Service				
	Net Hydraulic Production	No. 6 Fuel Cost	Utility Load	Industrial Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	429,300,000	24.11	522,600,000	118,925,796
February	405,210,000	24.64	484,100,000	109,240,851
March	399,210,000	24.80	473,900,000	120,686,596
April	366,430,000	25.12	379,300,000	116,894,681
May	348,040,000	25.36	326,200,000	117,686,596
June	337,180,000	25.36	275,500,000	113,894,681

2004 Test Year Cost of Service				
	Net Hydraulic Production	No. 6 Fuel Cost	Utility Load	Industrial Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	418,400,000	31.85	539,000,000	116,800,000
February	426,980,000	31.00	529,200,000	109,500,000
March	420,110,000	30.28	502,300,000	116,300,000
April	366,550,000	30.28	409,900,000	111,500,000
May	336,960,000	28.66	360,000,000	104,000,000
June	354,680,000	28.66	285,400,000	113,500,000
July	406,740,000	28.66	271,200,000	116,100,000
August	401,860,000	28.66	269,100,000	116,100,000
September	336,720,000	28.66	277,500,000	107,000,000
October	313,420,000	27.99	351,900,000	103,300,000
November	394,550,000	27.75	435,600,000	114,200,000
December	405,180,000	28.00	541,600,000	106,500,000
Total	<u>4,582,150,000</u>		<u>4,772,700,000</u>	<u>1,334,800,000</u>

- 2 -

Plan HighlightsHydraulic Production

Year-to-date hydraulic production is 182.5 GWh more than the Cost of Service production of 4,543.8 GWh resulting in a fuel savings of \$7,362,037 in the hydraulic variation account. (See page 4)

No. 6 Fuel Cost

The No.6 fuel cost for the month of December was \$29.94, \$1.94 more than the Cost of Service. Higher fuel costs have resulted in a year-to-date amount of \$12,664,904 due from Customers. (See page 5)

Customer Load

Utility sales are up 100.2 GWh year-to-date compared with the Cost of Service Sales of 4,608.5 GWh resulting in \$694,727 due to the utility customer. (See page 8)

Industrial sales are up 72.1 GWh year-to-date compared with the Cost of Service Sales of 1,360.5 GWh resulting in \$1,285,125 due from industrial customers. (See page 9)

Rural Rates

A net amount of \$41,015 due to customers assigned to Labrador Interconnected Customers is removed from the plan and written off to Hydro's net income (loss). This year-to-date amount is calculated as follows:

Rural rate alteration (RRA)	\$ (948,890)	savings
Less RRA to utility customer	<u>(835,823)</u>	savings (see page 10)
RRA to Labrador Interconnected	(113,067)	savings
Fuel variance to Labrador Interconnected	87,413	charge (see page 6)
Hydraulic variance allocation	<u>(15,361)</u>	savings (see page 4)
Net Labrador Interconnected	<u>\$ (41,015)</u>	net savings

- 3 -

**Plan Highlights Continued****Current Plan Summary**

Balances below from utility and industrial customers are expected to be recovered in one year. In addition, at December 31, 25% of the hydraulic variance and 100% of the related financing charges was allocated between industrial and utility customers and will be recovered in one year. The balances are comprised of the following:

Utility Customer:	\$ 4,909,975	due from customer
Industrial Customers:	<u>3,724,537</u>	due from customers
Sub-total	8,634,512	
Hydraulic Balance:	<u>(5,521,528)</u>	fuel savings <sup>(1)</sup>
Total Plan Balance:	<u>\$ 3,112,984</u>	

**December 2003 Plan Balance**

The plan balances as at December 31, 2003 were consolidated and are being recovered over four years. Year-to-date recoveries for utility and industrial customers are \$20,961,363 and \$11,274,414 respectively. The balance remaining in this plan is \$133,928,097 and is allocated as follows:

Utility Customer:	\$ 101,659,510	due from customer
Industrial Customers:	<u>32,268,587</u>	due from customers
Total Plan Balance December 31, 2004:	<u>\$ 133,928,097</u>	due from customers

- (1) The amount represents the hydraulic balance after the December 31, 2004 allocation of 25% of the Hydraulic variance and 100% of the related finance charges to industrial and utility customers.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 4 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Net Hydraulic Production Variation

	A	B	C	D	E	F	G
	Cost of Service Net Hydraulic Production	Actual Net Hydraulic Production	Monthly Net Hydraulic Production Variance	Cost of Service No. 6 Fuel Cost	Net Hydraulic Production Variation	Financing Charges	Cumulative Variation and Financing Charges
	(kWh)	(kWh)	(kWh)	(\$/Can/bbl.)	(\$)	(\$)	(\$)
			(A - B)		(C / O <sup>1</sup> X D)		(E + F)
							(to page 12)
Opening balance							0
January	429,300,000	486,778,226	(57,478,226)	24.11	(2,253,333)	0	(2,253,333)
February	405,210,000	424,076,718	(18,866,718)	24.64	(755,896)	(13,018)	(3,022,247)
March	399,210,000	437,557,044	(38,347,044)	24.80	(1,546,352)	(17,460)	(4,586,059)
April	366,430,000	321,813,285	44,616,715	25.12	1,822,393	(26,494)	(2,790,160)
May	348,040,000	397,795,911	(49,755,911)	25.36	(2,051,723)	(16,119)	(4,858,002)
June	337,180,000	397,031,135	(59,851,135)	25.36	(2,468,008)	(28,065)	(7,354,075)
July	406,740,000	431,853,874	(25,113,874)	28.66	(1,142,482)	(44,848)	(8,541,405)
August	401,860,000	359,314,909	42,545,091	28.66	1,935,464	(52,088)	(6,658,029)
September <sup>3</sup>	336,720,000	332,619,552	4,100,448	28.66	186,538	(40,603)	(6,512,094)
October <sup>3</sup>	313,420,000	370,535,732	(57,115,732)	27.99	(2,537,570)	(39,713)	(9,089,377)
November	394,550,000	377,718,140	16,831,860	27.75	741,403	(55,430)	(8,403,404)
December	405,180,000	389,260,606	15,919,394	28.00	707,529	(51,247)	(7,747,122)
	<u>4,543,840,000</u>	<u>4,726,355,132</u>	<u>(182,515,132)</u>		<u>(7,362,037)</u>	<u>(385,085)</u>	<u>(7,747,122)</u>
Hydraulic Allocation <sup>2</sup>					1,840,509	385,085	2,225,594
Hydraulic variation at year end					<u>(5,521,528)</u>	<u>0</u>	<u>(5,521,528)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers as follows :

	(from page 6)			(to pages 11 & 12)	
	12 month kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	4,708,712,512	72.0%	1,603,297	119,148	1,722,445
Industrial	1,432,581,251	21.9%	487,788		487,788
Rural	395,039,641	6.1%	134,509	(134,509)	-
Total	<u>6,536,333,404</u>	<u>100.0%</u>	<u>2,225,594</u>	<u>(15,361)</u>	<u>2,210,233</u>
Labrador Inteconnected (write-off to income)				15,361	15,361
				<u>-</u>	<u>2,225,594</u>

(3) The Actual Net Hydraulic Production was revised upward from original plan for September and October by 96,000 and 480,000 kWh respectively. This increase resulted in a credit to the hydraulic variance of \$4,367 in September and \$21,325 in October with a credit of \$27 to interest in October.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 5 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## No. 6 Fuel Variation

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	331,881	4,255	327,626	24.11	30.09	5.98	1,959,203
February	377,393	7,622	369,771	24.64	30.40	5.76	2,129,881
March	383,145	23,104	360,041	24.80	30.36	5.56	2,001,828
April	315,160	17,426	297,734	25.12	30.62	5.50	1,637,537
May	123,945	2,220	121,725	25.36	31.55	6.19	753,478
June	68,266	1,610	66,656	25.36	31.55	6.19	412,601
July	0	0	0	28.66	31.55	2.89	0
August	85,117	2,614	82,503	28.66	31.55	2.89	238,434
September	133,410	207	133,203	28.66	31.85	3.19	424,918
October	155,406	777	154,629	27.99	33.87	5.88	909,219
November	257,200	514	256,686	27.75	33.49	5.74	1,473,378
December	374,895	1,479	373,416	28.00	29.94	1.94	724,427
	<u>2,605,818</u>	<u>61,828</u>	<u>2,543,990</u>	25.94	31.02	5.08	<u>12,664,904</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	(kWh)	Customers	Customers	(kWh)	(A+B+C)	(kWh)	Interconnected	(kWh)	(kWh)	Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(A/D X H)	(B/D X H)	(C/D X H)	(kWh)	(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,636,553,350	1,305,563,474	396,452,631	6,338,569,455	1,433,123	403,540	122,540	1,959,203	106,720	15,820
February	4,629,741,543	1,315,568,332	394,743,304	6,340,053,179	2,986,001	848,490	254,594	4,089,084	221,726	32,868
March	4,598,491,657	1,317,504,074	392,015,050	6,308,010,781	4,440,228	1,272,160	378,523	6,090,912	329,656	48,867
April	4,569,061,593	1,359,525,911	389,538,997	6,318,126,501	5,588,961	1,662,997	476,491	7,728,449	414,976	61,515
May	4,569,423,164	1,387,706,617	388,661,728	6,345,791,509	6,107,593	1,854,840	519,494	8,481,927	452,427	67,067
June	4,597,553,859	1,396,271,065	390,533,364	6,384,358,288	6,405,197	1,945,250	544,081	8,894,528	473,840	70,241
July	4,617,432,434	1,406,916,366	391,523,381	6,415,872,181	6,401,294	1,950,453	542,781	8,894,528	480,795	61,986
August	4,627,472,300	1,414,651,212	392,172,515	6,434,296,027	6,568,322	2,007,983	556,657	9,132,962	493,087	63,570
September	4,638,997,871	1,422,736,517	393,308,540	6,455,042,928	6,868,891	2,106,623	582,366	9,557,880	515,860	66,506
October	4,664,484,827	1,423,244,910	394,556,339	6,482,286,076	7,531,853	2,298,147	637,099	10,467,099	564,342	72,757
November	4,677,479,524	1,418,612,777	394,152,477	6,490,244,778	8,605,428	2,609,904	725,145	11,940,477	642,333	82,812
December	4,708,712,512	1,432,581,251	395,039,641	6,536,333,404	9,123,677	2,775,792	765,435	12,664,904	678,022	87,413

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively for the period July to December. The allocation for January to June was 87.09% and 12.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date Activity	Current Month Activity <sup>(1)</sup>	Year-to-Date Activity	Current Month Activity <sup>(1)</sup>	Activity for the month	Year-to-Date Activity	Current Month Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	1,433,123	1,433,123	106,720	106,720	1,539,843	403,540	403,540
February	2,986,001	1,552,878	221,726	115,006	1,667,884	848,490	444,950
March	4,440,228	1,454,227	329,656	107,930	1,562,157	1,272,160	423,670
April	5,588,961	1,148,733	414,976	85,320	1,234,053	1,662,997	390,837
May	6,107,593	518,632	452,427	37,451	556,083	1,854,840	191,843
June	6,405,197	297,604	473,840	21,413	319,017	1,945,250	90,410
July	6,401,294	(3,903)	480,795	6,955	3,052	1,950,453	5,203
August	6,568,322	167,028	493,087	12,292	179,320	2,007,983	57,530
September	6,868,891	300,569	515,860	22,773	323,342	2,106,623	98,640
October	7,531,853	662,962	564,342	48,482	711,444	2,298,147	191,524
November	8,605,428	1,073,575	642,333	77,991	1,151,566	2,609,904	311,757
December	9,123,677	518,249	678,022	35,689	553,938	2,775,792	165,888
		<u>9,123,677</u>		<u>678,022</u>	<u>9,801,699</u>		<u>2,775,792</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 8 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Load Variation - Utility

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$				(G - H) x I	(F + J)
											(to page 10)
January	522,600,000	543,497,560	20,897,560	24.11	0.04789	(181,532)	0	0	0.00792	0	(181,532)
February	484,100,000	508,503,738	24,403,738	24.64	0.04789	(190,958)	0	1,894	0.00792	(15)	(190,973)
March	473,900,000	509,793,265	35,893,265	24.80	0.04789	(271,525)	0	0	0.00792	0	(271,525)
April	379,300,000	383,988,925	4,688,925	25.12	0.04789	(33,031)	0	0	0.00792	0	(33,031)
May	326,200,000	338,121,418	11,921,418	25.36	0.04789	(79,328)	0	0	0.00792	0	(79,328)
June	275,500,000	303,904,615	28,404,615	25.36	0.04789	(189,011)	0	0	0.00792	0	(189,011)
July	271,200,000	284,942,138	13,742,138	28.66	0.05234	(94,105)	0	0	0.00600	0	(94,105)
August	269,100,000	276,991,451	7,891,451	28.66	0.05234	(54,040)	0	0	0.00600	0	(54,040)
September	277,500,000	291,340,889	13,840,889	28.66	0.05234	(94,782)	0	0	0.00600	0	(94,782)
October	351,900,000	340,525,270	(11,374,730)	27.99	0.05234	89,990	0	0	0.00600	0	89,990
November	435,600,000	415,680,677	(19,919,323)	27.75	0.05234	165,179	0	0	0.00600	0	165,179
December	541,600,000	511,420,672	(30,179,328)	28.00	0.05234 <sup>2</sup>	238,431	0	0	0.00600	0	238,431
	4,608,500,000	4,708,710,618	100,210,618			(694,712)	0	1,894		(15)	(694,727)

(1) O is the Holyrood Operating Efficiency of 615 kWh/barrel January to June and 630 kWh/barrel July to December.

(2) Actual Sales for December 2004 were increased by 57,060 kWh. This represents a billing adjustment of 4,755 kWh per month for the twelve month period December 2003 to November 2004. The load variation includes a credit of \$302. This was calculated using a firm energy rate of \$0.04789/kWh for December 2003 to June 2004 and \$0.05234/kWh for the July to November 2004.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 9 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Load Variation - Industrial

	A	B	C	D	E	F
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$ (to page 11)
January	118,925,796	121,188,142	2,262,346	24.11	0.02388	34,666
February	109,240,851	117,207,973	7,967,122	24.64	0.02388	128,948
March	120,686,596	120,010,694	(675,902)	24.80	0.02388	(11,115)
April	116,894,681	118,144,376	1,249,695	25.12	0.02388	21,202
May	117,686,596	124,220,474	6,533,878	25.36	0.02388	113,400
June	113,894,681	116,706,163	2,811,482	25.36	0.02388	48,795
July	116,100,000	126,827,516	10,727,516	28.66	0.02675	201,056
August	116,100,000	125,594,840	9,494,840	28.66	0.02675	177,953
September	107,000,000	117,594,831	10,594,831	28.66	0.02675	198,569
October	103,300,000	117,432,558	14,132,558	27.99	0.02675	249,843
November	114,200,000	117,307,502	3,107,502	27.75	0.02675	53,752
December	106,500,000	110,346,182	3,846,182	28.00	0.02675	68,056
	<u>1,360,529,201</u>	<u>1,432,581,251</u>	<u>72,052,050</u>			<u>1,285,125</u>

(1) O is the Holyrood Operating Efficiency of 615 kWh/barrel January to June and 630 kWh/barrel July to December.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 10 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Summary of Utility Customer**

December 2004

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment <sup>(2)</sup>	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				(A + B + C)			
	(from page 8)	(from page 7)					(to page 12)
Opening Balance							0
January	(181,532)	1,539,843	(56,326)	1,301,985	0	0	1,301,985
February	(190,973)	1,667,884	(53,242)	1,423,669	7,522	0	2,733,176
March	(271,525)	1,562,157	(48,045)	1,242,587	15,790	0	3,991,553
April	(33,031)	1,234,053	(45,884)	1,155,138	23,059	0	5,169,750
May	(79,328)	556,083	(37,357)	439,398	29,866	0	5,639,014
June	(189,011)	319,017	(34,164)	95,842	32,577	0	5,767,433
July	(94,105)	3,052	(51,857)	(142,910)	35,172	(262,147)	5,397,548
August	(54,040)	179,320	(98,794)	26,486	32,916	(254,832)	5,202,118
September	(94,782)	323,342	(90,780)	137,780	31,724	(268,034)	5,103,588
October	89,990	711,444	(93,243)	708,191	31,123	(313,283)	5,529,619
November	165,179	1,151,566	(102,654)	1,214,091	33,721	(382,426)	6,395,005
December <sup>3</sup>	238,431	553,938	(123,477)	668,892	38,999	(470,476)	6,632,420
Year to date	(694,727)	9,801,699	(835,823)	8,271,149	312,469	(1,951,198)	6,632,420
Hydraulic allocation							(1,722,445)
(from page 4)							
Total	(694,727)	9,801,699	(835,823)	8,271,149	312,469	(1,951,198)	4,909,975

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively for the period July to December. The allocation for January to June was 87.09% and 12.91% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The fuel adjustment rate for Utility is 0.092 cents per kWh effective July 1, 2004.

(3) December Adjustment includes an amount for \$21.87. This represents a billing adjustment of 4,755 kWh per month for the 5 month period July 2004 to November 2004. The recovery rate applicable is as outlined in note 2.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 11 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Summary of Industrial Customers

	A	B	C	D	E	F
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						0
January	34,666	403,540	438,206	0	0	438,206
February	128,948	444,950	573,898	2,532	0	1,014,636
March	(11,115)	423,670	412,555	5,862	0	1,433,053
April	21,202	390,837	412,039	8,279	0	1,853,371
May	113,400	191,843	305,243	10,707	0	2,169,321
June	48,795	90,410	139,205	12,532	0	2,321,058
July	201,056	5,203	206,259	14,155	0	2,541,472
August	177,953	57,530	235,483	15,499	0	2,792,454
September	198,569	98,640	297,209	17,029	0	3,106,692
October	249,843	191,524	441,367	18,946	0	3,567,005
November	53,752	311,757	365,509	21,753	0	3,954,267
December	68,056	165,888	233,944	24,114	0	4,212,325
Year to date	1,285,125	2,775,792	4,060,917	151,408	0	4,212,325
Hydraulic allocation						(487,788)
(from page 4)						
Total	1,285,125	2,775,792	4,060,917	151,408	0	3,724,537

- 12 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Overall Summary

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic Balance	Utility Balance	Industrial Balance	Total To Date
	(\$)	(\$)	(\$)	(\$)
	(from page 4)	(from page 10)	(from page 11)	(A + B + C)
December 2003	0	0	0	0
January	(2,253,333)	1,301,985	438,206	(513,142)
February	(3,022,247)	2,733,176	1,014,636	725,565
March	(4,586,059)	3,991,553	1,433,053	838,547
April	(2,790,160)	5,169,750	1,853,371	4,232,961
May	(4,858,002)	5,639,014	2,169,321	2,950,333
June	(7,354,075)	5,767,433	2,321,058	734,416
July	(8,541,405)	5,397,548	2,541,472	(602,385)
August	(6,658,029)	5,202,118	2,792,454	1,336,543
September	(6,512,094)	5,103,588	3,106,692	1,698,186
October	(9,089,377)	5,529,619	3,567,005	7,247
November	(8,403,404)	6,395,005	3,954,267	1,945,868
December	(5,521,528)	4,909,975	3,724,537	3,112,984

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 13 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2004

## RATE STABILIZATION PLAN

## Recovery of December 2003 Balance

	A	B	C	D	E	F	G
	Utility Customer			Island Industrial Customers			Total To Date
	Recovery <sup>(1)</sup>	Financing Charges	Total To Date	Recovery <sup>(2)</sup>	Financing Charges	Total To Date	Due From (To) Customers
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
			(A + B)			(D + E)	(C + F)
Opening Balance			114,789,645.19			40,914,836.19	155,704,481.38
January	(1,760,932.09)	663,139.78	113,691,852.88	(953,750.68)	236,365.01	40,197,450.52	153,889,303.40
February	(1,647,558.25)	656,797.83	112,701,092.46	(922,426.75)	232,220.67	39,507,244.44	152,208,336.90
March	(1,651,730.18)	651,074.21	111,700,436.49	(944,484.16)	228,233.35	38,790,993.63	150,491,430.12
April	(1,244,124.12)	645,293.42	111,101,605.79	(929,796.24)	224,095.57	38,085,292.96	149,186,898.75
May	(1,095,513.39)	641,833.98	110,647,926.38	(977,615.13)	220,018.74	37,327,696.57	147,975,622.95
June	(984,650.95)	639,213.07	110,302,488.50	(918,477.50)	215,642.10	36,624,861.17	146,927,349.67
July	(1,689,706.88)	672,661.34	109,285,442.96	(998,132.55)	223,350.61	35,850,079.23	145,135,522.19
August	(1,642,559.30)	666,459.06	108,309,342.72	(988,431.39)	218,625.73	35,080,273.57	143,389,616.29
September	(1,727,651.47)	660,506.48	107,242,197.73	(925,471.32)	213,931.20	34,368,733.45	141,610,931.18
October	(2,019,314.85)	653,998.67	105,876,881.55	(924,194.23)	209,591.99	33,654,131.21	139,531,012.76
November	(2,464,986.41)	645,672.52	104,057,567.66	(923,210.04)	205,234.11	32,936,155.28	136,993,722.94
December	(3,032,635.05)	634,577.73	101,659,510.34	(868,424.45)	200,855.65	32,268,586.48	133,928,096.82
Total	(20,961,362.94)	7,831,228.09	101,659,510.34	(11,274,414.44)	2,628,164.73	32,268,586.48	133,928,096.82

(1) The recovery rate for Utility is 0.593 cents per kWh effective July 1, 2004 and was 0.324 cents per kWh effective July 1, 2003 to June 30, 2004.

(2) The recovery rate for Industrial is 0.787 cents per kWh effective January 1, 2004.

(3) December Recovery for Utility Customer includes an adjustment for \$248.83. This represents a billing adjustment of 4,755 kWh per month for the 12 month period December 2003 to November 2004. The recovery rates applicable are as outlined in note 1.

**NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN REPORT  
DECEMBER 2005**

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 1 -

## RATE STABILIZATION PLAN REPORT

**Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order P.U. 40 (2003), is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was as approved by Board Order P.U. 14 (2004) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.568% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

	2004 Test Year Cost of Service			
	Net Hydraulic	No. 6 Fuel	Utility	Industrial
	Production	Cost	Load	Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	418,400,000	31.85	539,000,000	116,800,000
February	426,980,000	31.00	529,200,000	109,500,000
March	420,110,000	30.28	502,300,000	116,300,000
April	366,550,000	30.28	409,900,000	111,500,000
May	336,960,000	28.66	360,000,000	104,000,000
June	354,680,000	28.66	285,400,000	113,500,000
July	406,740,000	28.66	271,200,000	116,100,000
August	401,860,000	28.66	269,100,000	116,100,000
September	336,720,000	28.66	277,500,000	107,000,000
October	313,420,000	27.99	351,900,000	103,300,000
November	394,550,000	27.75	435,600,000	114,200,000
December	405,180,000	28.00	541,600,000	106,500,000
Total	<u>4,582,150,000</u>		<u>4,772,700,000</u>	<u>1,334,800,000</u>

- 2 -

Plan HighlightsHydraulic Production

Year-to-date hydraulic production is 187.5 GWh more than the Cost of Service production of 4,582.2 GWh resulting in a fuel savings of (\$8,645,731) in the hydraulic variation account. (See page 4)

No. 6 Fuel Cost

The No.6 fuel cost for the month of December was \$48.11, \$20.11 more than the Cost of Service. Higher fuel costs have resulted in a year-to-date amount of \$16,289,106 due from Customers. (See page 5)

Customer Load

Utility sales are down 108.9 GWh year-to-date compared with the Cost of Service Sales of 4,772.7 GWh resulting in \$301,200 due from the utility customer. (See page 8)

Industrial sales are down 97.9 GWh year-to-date compared with the Cost of Service Sales of 1,236.9 GWh resulting in \$1,732,013 due to industrial customers. (See page 9)

Rural Rates

A net amount of \$182,739 due to customers assigned to Labrador Interconnected Customers is removed from the plan and written off to Hydro's net income (loss). This year-to-date amount is calculated as follows:

Rural rate alteration (RRA)	\$(2,329,220)	savings <sup>(1)</sup>
Less RRA to utility customer	<u>(2,063,223)</u>	savings (see page 10)
RRA to Labrador Interconnected	(265,997)	savings
Fuel variance to Labrador Interconnected	112,761	charge (see page 6)
Hydraulic variance allocation	<u>(29,503)</u>	
Net Labrador Interconnected	<u>\$ (182,739)</u>	net savings

<sup>(1)</sup> Beginning January 2005, the RRA includes a monthly amount of \$22,120. This amount relates to the five-year phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations P.U. 40 (2003).

- 3 -

**Plan Highlights Continued****Current Plan Summary**

Balances below from utility and industrial customers are expected to be recovered in one year. In addition, at December 31, 25% of the hydraulic variance and 100% of the related financing charges was allocated between industrial and utility customers and will be recovered in one year. The balances are comprised of the following:

Utility Customer:	\$ 119,850	due from customer
Industrial Customers:	<u>(1,295,593)</u>	due to customers
Sub-total	(1,175,743)	
Hydraulic Balance:	<u>(10,625,444)</u>	fuel savings <sup>(1)</sup>
Total Plan Balance:	<u>\$ (11,801,187)</u>	

**December 2003 Plan Balance**

The plan balances as at December 31, 2003 were consolidated and are being recovered over four years. Year-to-date recoveries for utility and industrial customers are \$28,545,395 and \$9,289,129 respectively. The balance remaining in this plan is \$104,866,554 and is allocated as follows:

Utility Customer:	\$ 79,780,518	due from customer
Industrial Customers:	<u>25,086,036</u>	due from customers
Total Plan Balance December 31, 2005:	<u>\$ 104,866,554</u>	due from customers

- (1) The amount represents the hydraulic balance after the December 31, 2004 allocation of 25% of the Hydraulic variance and 100% of the related finance charges to industrial and utility customers.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 4 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Net Hydraulic Production Variation

	<b>A</b> Cost of Service Net Hydraulic Production (kWh)	<b>B</b> Actual Net Hydraulic Production (kWh)	<b>C</b> Monthly Net Hydraulic Production Variation (kWh) (A - B)	<b>D</b> Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	<b>E</b> Net Hydraulic Production Variation (\$) (C / O <sup>1</sup> X D)	<b>F</b> Financing Charges (\$)	<b>G</b> Cumulative Variation and Financing Charges (\$) (E + F) (to page 12)
Opening balance							(5,521,528)
January	418,400,000	479,420,586	(61,020,586)	31.85	(3,084,930)	(33,672)	(8,640,130)
February	426,980,000	378,884,918	48,095,082	31.00	2,366,583	(52,690)	(6,326,237)
March	420,110,000	402,454,195	17,655,805	30.28	848,600	(38,580)	(5,516,217)
April	366,550,000	412,642,910	(46,092,910)	30.28	(2,215,386)	(33,640)	(7,765,243)
May	336,960,000	437,313,132	(100,353,132)	28.66	(4,565,271)	(47,355)	(12,377,869)
June	354,680,000	408,229,632	(53,549,632)	28.66	(2,436,083)	(75,484)	(14,889,436)
July	406,740,000	329,243,291	77,496,709	28.66	3,525,485	(90,801)	(11,454,752)
August	401,860,000	366,978,342	34,881,658	28.66	1,586,839	(69,855)	(9,937,768)
September	336,720,000	351,636,469	(14,916,469)	28.66	(678,581)	(60,604)	(10,676,953)
October	313,420,000	361,907,610	(48,487,610)	27.99	(2,154,235)	(65,112)	(12,896,300)
November	394,550,000	373,941,535	20,608,465	27.75	907,754	(78,646)	(12,067,192)
December	405,180,000	466,976,393	(61,796,393)	28.00	(2,746,506)	(73,590)	(14,887,288)
	<u>4,582,150,000</u>	<u>4,769,629,013</u>	<u>(187,479,013)</u>		<u>(8,645,731)</u>	<u>(720,029)</u>	<u>(14,887,288)</u>
Hydraulic Allocation <sup>2</sup>					3,541,815	720,029	4,261,844
Hydraulic variation at year end					<u>(5,103,916)</u>	<u>0</u>	<u>(10,625,444)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

	<b>(from page 6)</b>			<b>(to pages 11 &amp; 12)</b>	
	12 month kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	4,664,093,036	74.2%	3,164,333	228,838	3,393,171
Industrial	1,236,901,333	19.7%	839,170		839,170
Rural	380,784,148	6.1%	258,341	(258,341)	-
Total	<u>6,281,778,517</u>	<u>100.0%</u>	<u>4,261,844</u>	<u>(29,503)</u>	<u>4,232,341</u>
Labrador Inteconnected (write-off to income)				29,503	29,503
				<u>-</u>	<u>4,261,844</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 5 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## No. 6 Fuel Variation

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	379,479	3,484	375,995	31.85	30.18	(1.67)	(627,912)
February	371,880	2,230	369,650	31.00	32.43	1.43	528,600
March	386,830	2,498	384,332	30.28	35.15	4.87	1,871,697
April	170,896	1,217	169,679	30.28	39.08	8.80	1,493,175
May	32,123	2,558	29,565	28.66	39.35	10.69	316,050
June	12,252	2,539	9,713	28.66	39.35	10.69	103,832
July	111,176	3,247	107,929	28.66	39.35	10.69	1,153,761
August	57,206	2,974	54,232	28.66	39.35	10.69	579,740
September	97,871	2,411	95,460	28.66	39.35	10.69	1,020,467
October	162,275	1,640	160,635	27.99	44.53	16.54	2,656,903
November	179,471	17	179,454	27.75	48.26	20.51	3,680,602
December	174,651	2	174,649	28.00	48.11	20.11	3,512,191
	<u>2,136,110</u>	<u>24,817</u>	<u>2,111,293</u>	<u>29.58</u>	<u>37.59</u>	<u>8.01</u>	<u>16,289,106</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers <sup>(2)</sup>	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,748,376,165	1,423,320,641	397,638,895	6,569,335,701	(453,861)	(136,044)	(38,007)	(627,912)	(33,667)	(4,340)
February	4,723,345,659	1,415,249,384	394,875,892	6,533,470,935	(71,797)	(21,512)	(6,003)	(99,312)	(5,317)	(686)
March	4,716,235,662	1,417,722,384	392,104,308	6,526,062,354	1,280,862	385,033	106,490	1,772,385	94,329	12,161
April	4,733,403,005	1,410,260,071	391,616,080	6,535,279,156	2,365,195	704,681	195,684	3,265,560	173,337	22,347
May	4,732,709,144	1,391,656,193	389,149,531	6,513,514,868	2,602,392	765,235	213,983	3,581,610	189,546	24,437
June	4,721,451,875	1,373,726,332	386,302,993	6,481,481,200	2,684,670	781,116	219,656	3,685,442	194,571	25,085
July	4,707,412,951	1,357,898,416	386,093,124	6,451,404,491	3,531,034	1,018,561	289,608	4,839,203	256,535	33,073
August	4,703,090,858	1,348,697,237	385,823,905	6,437,612,000	3,958,887	1,135,283	324,773	5,418,943	287,684	37,089
September	4,691,690,813	1,346,879,648	384,453,745	6,423,024,206	4,703,660	1,350,316	385,434	6,439,410	341,417	44,017
October	4,696,363,578	1,335,636,755	384,785,523	6,416,785,856	6,657,475	1,893,373	545,465	9,096,313	483,173	62,292
November	4,683,360,849	1,286,324,284	382,836,165	6,352,521,298	9,419,709	2,587,202	770,004	12,776,915	682,070	87,934
December	4,664,093,036	1,236,901,333	380,784,148	6,281,778,517	12,094,331	3,207,375	987,400	16,289,106	874,639	112,761

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The kWh for industrial customers decreased 633,199 over the period July to December 2004 due to a sales adjustment recorded in January 2005. This decrease is reflected in the current Twelve Months-to-Date figures.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	(453,861)	(453,861)	(33,667)	(33,667)	(487,528)	(136,044)	(136,044)
February	(71,797)	382,064	(5,317)	28,350	410,414	(21,512)	114,532
March	1,280,862	1,352,659	94,329	99,646	1,452,305	385,033	406,545
April	2,365,195	1,084,333	173,337	79,008	1,163,341	704,681	319,648
May	2,602,392	237,197	189,546	16,209	253,406	765,235	60,554
June	2,684,670	82,278	194,571	5,025	87,303	781,116	15,881
July	3,531,034	846,364	256,535	61,964	908,328	1,018,561	237,445
August	3,958,887	427,853	287,684	31,149	459,002	1,135,283	116,722
September	4,703,660	744,773	341,417	53,733	798,506	1,350,316	215,033
October	6,657,475	1,953,815	483,173	141,756	2,095,571	1,893,373	543,057
November	9,419,709	2,762,234	682,070	198,897	2,961,131	2,587,202	693,829
December	12,094,331	2,674,622	874,639	192,569	2,867,191	3,207,375	620,173
		<u>12,094,331</u>		<u>874,639</u>	<u>12,968,970</u>		<u>3,207,375</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 8 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Load Variation - Utility

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate <sup>(2)</sup>	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$/Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$				(G - H) x I	(F + J) (to page 10)
January	539,000,000	583,146,241	44,146,241	31.85	0.04700	156,964	0	14,972	0.00600	(90)	156,874
February	529,200,000	483,465,422	(45,734,578)	31.00	0.04700	(100,906)	0	9,704	0.00600	(58)	(100,964)
March	502,300,000	502,683,268	383,268	30.28	0.04700	408	0	0	0.00600	0	408
April	409,900,000	401,106,239	(8,793,761)	30.28	0.04700	(9,352)	0	50,029	0.00600	(300)	(9,652)
May	360,000,000	337,427,557	(22,572,443)	28.66	0.04700	34,038	0	0	0.00600	0	34,038
June	285,400,000	292,526,522	7,126,522	28.66	0.04700	(10,746)	0	120,824	0.00600	(725)	(11,471)
July	271,200,000	270,899,447	(300,553)	28.66	0.04700	453	0	3,767	0.00600	(23)	430
August	269,100,000	272,663,419	3,563,419	28.66	0.04700	(5,373)	0	5,939	0.00600	(36)	(5,409)
September	277,500,000	279,940,844	2,440,844	28.66	0.04700	(3,681)	0	0	0.00600	0	(3,681)
October	351,900,000	345,179,856	(6,720,144)	27.99	0.04700	17,280	0	18,179	0.00600	(109)	17,171
November	435,600,000	402,642,350	(32,957,650)	27.75	0.04700	97,304	0	35,598	0.00600	(214)	97,090
December	541,600,000	492,152,859	(49,447,141)	28.00	0.04700	126,365	0	0	0.00600	0	126,365
	<u>4,772,700,000</u>	<u>4,663,834,024</u>	<u>(108,865,976)</u>			<u>302,754</u>	<u>0</u>	<u>259,012</u>		<u>(1,554)</u>	<u>301,200</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) Effective January 1, 2005, the utility firm energy rate decreased to \$0.04700/kWh. This is a decrease of \$0.00534 from the previous rate of \$0.05234 that resulted from a change in rate structure to include a demand component.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 9 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Load Variation - Industrial

	A	B	C	D	E	F
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh) (B - A)	Cost of Service No. 6 Fuel Cost (\$)	Firm Energy Rate (\$/kWh)	Load Variation (\$) $C \times \{(D/O^1) - E\}$ (to page 11)
January	116,800,000	112,560,731	(4,239,269)	31.85	0.02675	(100,918)
February	109,500,000	109,136,716	(363,284)	31.00	0.02675	(8,158)
March	116,300,000	122,483,694	6,183,694	30.28	0.02675	131,796
April	111,500,000	110,682,063	(817,937)	30.28	0.02675	(17,433)
May	104,000,000	105,616,596	1,616,596	28.66	0.02675	30,298
June	113,500,000	98,776,302	(14,723,698)	28.66	0.02675	(275,952)
July	116,100,000	110,910,423	(5,189,577)	28.66	0.02675	(97,263)
August	116,100,000	116,298,285	198,285	28.66	0.02675	3,716
September	107,000,000	115,676,988	8,676,988	28.66	0.02675	162,625
October	103,300,000	106,076,843	2,776,843	27.99	0.02675	49,091
November	114,200,000	67,881,626	(46,318,374)	27.75	0.02675	(801,198)
December	106,500,000	60,801,066	(45,698,934)	28.00	0.02675	(808,617)
	<u>1,334,800,000</u>	<u>1,236,901,333</u>	<u>(97,898,667)</u>			<u>(1,732,013)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 10 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Summary of Utility Customer**

December 2005

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	Adjustment <sup>(2)</sup>	Net
	(\$)	(\$)	Alteration <sup>(1)</sup>	Variances	(\$)	(\$)	Balance
				(A + B + C)			
	(from page 8)	(from page 7)					(to page 12)
Opening Balance <sup>(3)</sup>							4,910,867
January	156,874	(487,528)	(165,267)	(495,921)	29,948	(536,508)	3,908,386
February	(100,964)	410,414	(138,281)	171,169	23,835	(444,797)	3,658,593
March	408	1,452,305	(120,103)	1,332,610	22,311	(462,469)	4,551,045
April	(9,652)	1,163,341	(121,083)	1,032,606	27,754	(369,064)	5,242,341
May	34,038	253,406	(104,331)	183,113	31,970	(310,433)	5,146,991
June	(11,471)	87,303	(131,903)	(56,071)	31,388	(269,236)	4,853,072
July	430	908,328	(140,432)	768,326	29,596	(1,378,897)	4,272,097
August	(5,409)	459,002	(221,153)	232,440	26,053	(1,387,887)	3,142,704
September	(3,681)	798,506	(213,613)	581,212	19,165	(1,424,899)	2,318,182
October	17,171	2,095,571	(212,261)	1,900,481	14,137	(1,757,058)	2,475,742
November	97,090	2,961,131	(238,037)	2,820,184	15,098	(2,049,631)	3,261,393
December	126,365	2,867,191	(256,759)	2,736,797	19,889	(2,505,058)	3,513,021
Year to date	301,200	12,968,970	(2,063,223)	11,206,947	291,144	(12,895,937)	(1,397,846)
Hydraulic allocation							(3,393,171)
(from page 4)							
Total	301,200	12,968,970	(2,063,223)	11,206,947	291,144	(12,895,937)	119,850

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is 0.092 cents per kWh effective July 1, 2004 to June 30, 2005 and 0.509 cents per kWh effective July 1, 2005.

(3) The opening balance includes an increase of \$892 from \$4,909,975. The increase is the effect on prior years balances of billing adjustments on January's bill relating to Abitibi Grand Falls and Stephenville for the period July to December 2004.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 11 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Summary of Industrial Customers

	A	B	C	D	E	F
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance <sup>(2)</sup>						3,712,142
January	(100,918)	(136,044)	(236,962)	22,638	(524,533)	2,973,285
February	(8,158)	114,532	106,374	18,132	(508,577)	2,589,214
March	131,796	406,545	538,341	15,790	(570,774)	2,572,571
April	(17,433)	319,648	302,215	15,688	(515,778)	2,374,696
May	30,298	60,554	90,852	14,482	(492,173)	1,987,857
June	(275,952)	15,881	(260,071)	12,123	(460,298)	1,279,611
July	(97,263)	237,445	140,182	7,803	(516,843)	910,753
August	3,716	116,722	120,438	5,554	(541,950)	494,795
September	162,625	215,033	377,658	3,017	(539,055)	336,415
October	49,091	543,057	592,148	2,052	(494,318)	436,297
November	(801,198)	693,829	(107,369)	2,661	(316,328)	15,261
December	(808,617)	620,173	(188,444)	93	(283,333)	(456,423)
Year to date	(1,732,013)	3,207,375	1,475,362	120,033	(5,763,960)	(4,168,565)
Hydraulic allocation						(839,170)
(from page 4)						
Total	(1,732,013)	3,207,375	1,475,362	120,033	(5,763,960)	(1,295,593)

(1) The RSP adjustment rate for Industrial Customers is 0.466 cents per kWh effective January 1, 2005.

(2) The opening balance includes an decrease of \$12,395 from \$3,724,537. The decrease is the effect on prior years balances of billing adjustments on January's bill relating to Abitibi Grand Falls and Stephenville for the period July to December 2004.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 12 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Overall Summary

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
	<b>(from page 4)</b>	<b>(from page 10)</b>	<b>(from page 11)</b>	
December 2004 <sup>(1)</sup>	(5,521,528)	4,910,867	3,712,142	3,101,481
January	(8,640,130)	3,908,386	2,973,285	(1,758,459)
February	(6,326,237)	3,658,593	2,589,214	(78,430)
March	(5,516,217)	4,551,045	2,572,571	1,607,399
April	(7,765,243)	5,242,341	2,374,696	(148,206)
May	(12,377,869)	5,146,991	1,987,857	(5,243,021)
June	(14,889,436)	4,853,072	1,279,611	(8,756,753)
July	(11,454,752)	4,272,097	910,753	(6,271,902)
August	(9,937,768)	3,142,704	494,795	(6,300,269)
September	(10,676,953)	2,318,182	336,415	(8,022,356)
October	(12,896,300)	2,475,742	436,297	(9,984,261)
November	(12,067,192)	3,261,393	15,261	(8,790,538)
December	(10,625,444)	119,850	(1,295,593)	(11,801,187)

(1) The opening balance utility and industrial includes an increase of \$892 and \$12,395. The increase is the effect on prior years balances of billing adjustments on January's bill relating to Abitibi Grand Falls and Stephenville for the period July to December 2004.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 13 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2005

## RATE STABILIZATION PLAN

## Recovery of December 2003 Balance

	A	B	C	D	E	F	G
	Utility Customer			Island Industrial Customers			Total To Date
	Recovery <sup>(1)</sup>	Financing Charges	Total To Date	Recovery <sup>(2)</sup>	Financing Charges	Total To Date	Due From (To) Customers
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
			(A + B)			(D + E)	(C + F)
Opening Balance			101,659,510.34			32,273,640.74	133,933,151.08
January	(3,458,145.99)	619,953.58	98,821,317.93	(845,331.09)	196,815.42	31,625,125.07	130,446,443.00
February	(2,867,007.50)	602,645.34	96,556,955.77	(819,616.74)	192,860.55	30,998,368.88	127,555,324.65
March	(2,980,911.78)	588,836.50	94,164,880.49	(919,852.54)	189,038.39	30,267,554.73	124,432,435.22
April	(2,378,856.67)	574,248.83	92,360,272.65	(831,222.29)	184,581.64	29,620,914.08	121,981,186.73
May	(2,000,945.41)	563,243.73	90,922,570.97	(793,180.64)	180,638.21	29,008,371.65	119,930,942.62
June	(1,735,398.76)	554,476.15	89,741,648.36	(741,810.03)	176,902.72	28,443,464.34	118,185,112.70
July	(1,722,944.44)	547,274.49	88,565,978.41	(832,937.28)	173,457.73	27,783,984.79	116,349,963.20
August	(1,734,177.12)	540,104.86	87,371,906.15	(873,400.12)	169,436.00	27,080,020.67	114,451,926.82
September	(1,780,423.77)	532,823.01	86,124,305.39	(868,734.18)	165,142.99	26,376,429.48	112,500,734.87
October	(2,195,459.50)	525,214.72	84,454,060.61	(796,637.09)	160,852.26	25,740,644.65	110,194,705.26
November	(2,561,031.75)	515,029.01	82,408,057.87	(509,791.01)	156,975.03	25,387,828.67	107,795,886.54
December	(3,130,092.18)	502,551.81	79,780,517.50	(456,616.01)	154,823.44	25,086,036.10	104,866,553.60
Total	(28,545,394.87)	6,666,402.03	79,780,517.50	(9,289,129.02)	2,101,524.38	25,086,036.10	104,866,553.60

(1) The recovery rate for Utility is 0.593 cents per kWh effective July 1, 2004 to June 30, 2005 and 0.636 cents per kWh effective July 1, 2005.

(2) The recovery rate for Industrial is 0.751 cents per kWh effective January 1, 2005.

(3) The opening balance for industrial customers includes an increase of \$5,054.26. The increase is the effect on prior years balances of billing adjustments on January's bill relating to Abitibi Grand Falls and Stephenville for the period July to December 2004.

**NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN REPORT  
DECEMBER 2006**

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 1 -

## RATE STABILIZATION PLAN REPORT

**Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order P.U. 40 (2003), is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was as approved by Board Order P.U. 14 (2004) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.568% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

	2004 Test Year Cost of Service			
	Net Hydraulic	No. 6 Fuel	Utility	Industrial
	Production	Cost	Load	Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	418,400,000	31.85	539,000,000	116,800,000
February	426,980,000	31.00	529,200,000	109,500,000
March	420,110,000	30.28	502,300,000	116,300,000
April	366,550,000	30.28	409,900,000	111,500,000
May	336,960,000	28.66	360,000,000	104,000,000
June	354,680,000	28.66	285,400,000	113,500,000
July	406,740,000	28.66	271,200,000	116,100,000
August	401,860,000	28.66	269,100,000	116,100,000
September	336,720,000	28.66	277,500,000	107,000,000
October	313,420,000	27.99	351,900,000	103,300,000
November	394,550,000	27.75	435,600,000	114,200,000
December	405,180,000	28.00	541,600,000	106,500,000
Total	<u>4,582,150,000</u>		<u>4,772,700,000</u>	<u>1,334,800,000</u>

- 2 -

Plan HighlightsHydraulic Production

Year-to-date hydraulic production is 220.3 GWh more than the Cost of Service production of 4,582.2 GWh resulting in a fuel savings of \$10,678,146 in the hydraulic variation account. (See page 4)

No. 6 Fuel Cost

The No.6 fuel cost for the month of December was \$48.14, \$20.14 more than the Cost of Service. Higher fuel costs have resulted in a year-to-date amount of \$25,715,453 due from Customers. (See page 5)

Customer Load

Utility sales are down 155.9 GWh year-to-date compared with the Cost of Service Sales of 4,772.7 GWh resulting in \$100,092 due from the utility customer. (See page 8)

Industrial sales are down 585.70 GWh year-to-date compared with the Cost of Service Sales of 1,334.8 GWh resulting in \$11,541,701 due to industrial customers. (See page 9)

Rural Rates

A net amount of \$353,947 due to customers assigned to Labrador Interconnected Customers is removed from the plan and written off to Hydro's net income (loss). This year-to-date amount is calculated as follows:

Rural rate alteration (RRA)	\$ (4,336,962)	savings <sup>(1)</sup>
Less RRA to utility customer	<u>(3,841,680)</u>	savings (see page 10)
RRA to Labrador Interconnected	(495,282)	savings
Fuel variance to Labrador Interconnected	190,556	charge (see page 6)
Hydraulic variance allocation	<u>49,221</u>	charge (see page 4)
Net Labrador Interconnected	<u>\$ 353,947</u>	net savings

<sup>(1)</sup> Beginning January 2005, the RRA includes a monthly amount of \$22,120. This amount relates to the five-year phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations P.U. 40 (2003). In January 2006, this amount increased to \$46,952.

- 3 -

**Plan Highlights Continued****Current Plan Summary**

Balances below from utility and industrial customers are expected to be recovered in one year. In addition, at December 31, 25% of the hydraulic variance and 100% of the related financing charges was allocated between industrial and utility customers and will be recovered in one year. The balances are comprised of the following:

Utility Customer:	\$ (19,267,887)	due to customer
Industrial Customers:	<u>(14,406,473)</u>	due to customers
Sub-total	(33,674,360)	
Hydraulic Balance:	<u>(15,977,692)</u>	fuel savings <sup>(1)</sup>
Total Plan Balance:	<u>\$ (49,652,052)</u>	

**December 2003 Plan Balance**

The plan balances as at December 31, 2003 were consolidated and are being recovered over four years. Year-to-date recoveries for utility and industrial customers are \$30,844,498 and \$17,440,254 respectively. The balance remaining in this plan is \$62,994,272 and is allocated as follows:

Utility Customer:	\$ 53,893,341	due from customer
Industrial Customers:	<u>9,100,931</u>	due from customers
Total Plan Balance December 31, 2006:	<u>\$ 62,994,272</u>	due from customers

- (1) The amount represents the hydraulic balance after the December 31, 2005 allocation of 25% of the Hydraulic variance and 100% of the related finance charges to industrial and utility customers. The balance at December 31, 2006 will be placed in a reserve account and attract financing charges as per PUB Order P.U. 46 (2006).

**Revision Note:**

February and March's RSPs have been revised to reflect PUB Order P.U. 16 (2006) whereby the PUB denied Hydro's request to recover, through the RSP, the cost of 1% sulphur fuel purchase. This resulted in the actual No. 6 fuel cost for March being reduced from \$51.86 to \$51.41 (February - \$51.78 to \$51.41).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 4 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Net Hydraulic Production Variation

	<b>A</b> Cost of Service Net Hydraulic Production (kWh)	<b>B</b> Actual Net Hydraulic Production (kWh)	<b>C</b> Monthly Net Hydraulic Production Variance (kWh) (A - B)	<b>D</b> Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	<b>E</b> Net Hydraulic Production Variation (\$) (C / O <sup>1</sup> X D)	<b>F</b> Financing Charges (\$)	<b>G</b> Cumulative Variation and Financing Charges (\$) (E + F) (to page 12)
Opening balance							(10,625,444)
January	418,400,000	507,497,046	(89,097,046)	31.85	(4,504,351)	(64,797)	(15,194,592)
February	426,980,000	493,847,019	(66,867,019)	31.00	(3,290,282)	(92,662)	(18,577,536)
March	420,110,000	485,435,884	(65,325,884)	30.28	(3,139,790)	(113,292)	(21,830,618)
April	366,550,000	335,601,123	30,948,877	30.28	1,487,511	(133,130)	(20,476,237)
May	336,960,000	340,403,539	(3,443,539)	28.66	(156,654)	(124,871)	(20,757,762)
June	354,680,000	354,013,342	666,658	28.66	30,328	(126,588)	(20,854,022)
July	406,740,000	353,930,548	52,809,452	28.66	2,402,411	(127,175)	(18,578,786)
August	401,860,000	343,561,057	58,298,943	28.66	2,652,139	(113,300)	(16,039,947)
September	336,720,000	346,658,159	(9,938,159)	28.66	(452,107)	(97,817)	(16,589,871)
October	313,420,000	348,235,209	(34,815,209)	27.99	(1,546,790)	(101,171)	(18,237,832)
November	394,550,000	389,025,813	5,524,187	27.75	243,327	(111,220)	(18,105,725)
December	405,180,000	504,267,469	(99,087,469)	28.00	(4,403,888)	(110,415)	(22,620,028)
	<u>4,582,150,000</u>	<u>4,802,476,208</u>	<u>(220,326,208)</u>		<u>(10,678,146)</u>	<u>(1,316,438)</u>	<u>(22,620,028)</u>
Hydraulic Allocation <sup>2</sup>					5,325,898	1,316,438	6,642,336
Hydraulic variation at year end					<u>(5,352,248)</u>	<u>0</u>	<u>(15,977,692)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers as follows:

	<b>(from page 6)</b>			<b>(to pages 11 &amp; 12)</b>	
	12 month kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	4,616,864,312	80.5%	5,344,215	381,785	5,726,000
Industrial	749,100,463	13.1%	867,115		867,115
Rural	372,345,900	6.4%	431,006	(431,006)	-
Total	<u>5,738,310,675</u>	<u>100.0%</u>	<u>6,642,336</u>	<u>(49,221)</u>	<u>6,593,115</u>
Labrador Inteconnected (write-off to income)				49,221	49,221
				<u>-</u>	<u>6,642,336</u>

(3) In accordance with PUB Order P.U. 46 (2006), the December 31, 2006 Hydraulic Variation balance will be maintained in a reserve account.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 5 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## No. 6 Fuel Variation

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost <sup>(1)</sup> (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	173,790	1,105	172,685	31.85	48.63	16.78	2,897,654
February	153,548	29	153,519	31.00	51.37	20.37	3,127,182
March	199,982	9	199,973	30.28	51.41	21.13	4,225,429
April	189,565	3	189,562	30.28	52.02	21.74	4,121,078
May	98,185	133	98,052	28.66	52.02	23.36	2,290,495
June	10,248	18	10,230	28.66	52.02	23.36	238,973
July	0	0	0	28.66	52.02	23.36	0
August	0	0	0	28.66	52.02	23.36	0
September	792	244	548	28.66	52.02	23.36	12,804
October	109,966	4,076	105,890	27.99	51.02	23.03	2,438,649
November	125,351	2,874	122,477	27.75	47.56	19.81	2,426,274
December	196,179	702	195,477	28.00	48.14	20.14	3,936,915
	<u>1,257,607</u>	<u>9,193</u>	<u>1,248,414</u>	<u>29.58</u>	<u>50.24</u>	<u>20.66</u>	<u>25,715,453</u>

(1) Pursuant to PUB Order P.U. 32 (2006), the actual average No. 6 Fuel Cost is based on the cost to burn No. 6 Fuel with a 1% sulphur content. This change is effective October 20, 2006.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date			Total (kWh) (A+B+C)	Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility (kWh)	Industrial Customers (kWh)	Rural Island Customers (kWh)		Utility (\$) (A/D X H) (to page 7)	Industrial Customers (\$) (B/D X H)	Rural Island Interconnected (\$) (C/D X H)	Total (\$) (from page 5)	Utility (\$) (G X 88.58%) (to page 7)	Labrador Interconnected (\$) (G X 11.42%)
January	4,603,482,008	1,188,367,647	376,375,432	6,168,225,087	2,162,583	558,261	176,810	2,897,654	156,618	20,192
February	4,620,171,116	1,136,702,515	376,424,669	6,133,298,300	4,538,467	1,116,601	369,768	6,024,836	327,540	42,228
March	4,634,244,237	1,073,087,428	375,292,759	6,082,624,424	7,809,496	1,808,336	632,433	10,250,265	560,209	72,224
April	4,621,302,895	1,024,000,515	374,452,140	6,019,755,550	11,032,729	2,444,661	893,953	14,371,343	791,864	102,089
May	4,609,765,227	981,528,003	374,456,453	5,965,749,683	12,874,687	2,741,325	1,045,826	16,661,838	926,393	119,433
June	4,594,152,281	951,832,522	372,344,354	5,918,329,157	13,119,395	2,718,122	1,063,294	16,900,811	941,866	121,428
July	4,594,486,924	911,715,198	371,740,237	5,877,942,359	13,210,500	2,621,449	1,068,862	16,900,811	946,798	122,064
August	4,588,974,277	860,100,491	371,229,450	5,820,304,218	13,325,315	2,497,532	1,077,964	16,900,811	954,861	123,103
September	4,583,021,023	803,185,295	371,214,096	5,757,420,414	13,463,574	2,359,523	1,090,518	16,913,615	965,981	124,537
October	4,582,997,552	756,236,114	370,760,239	5,709,993,905	15,532,657	2,563,029	1,256,578	19,352,264	1,113,077	143,501
November	4,573,026,350	749,436,580	370,902,570	5,693,365,500	17,492,962	2,866,781	1,418,795	21,778,538	1,256,769	162,026
December	4,616,864,312	749,100,463	372,345,900	5,738,310,675	20,689,845	3,356,991	1,668,617	25,715,453	1,478,061	190,556

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	2,162,583	2,162,583	156,618	156,618	2,319,201	558,261	558,261
February	4,538,467	2,375,884	327,540	170,922	2,546,806	1,116,601	558,340
March	7,809,496	3,271,029	560,209	232,669	3,503,698	1,808,336	691,735
April	11,032,729	3,223,233	791,864	231,655	3,454,888	2,444,661	636,325
May	12,874,687	1,841,958	926,393	134,529	1,976,487	2,741,325	296,664
June	13,119,395	244,708	941,866	15,473	260,181	2,718,122	(23,203)
July	13,210,500	91,105	946,798	4,932	96,037	2,621,449	(96,673)
August	13,325,315	114,815	954,861	8,063	122,878	2,497,532	(123,917)
September	13,463,574	138,259	965,981	11,120	149,379	2,359,523	(138,009)
October	15,532,657	2,069,083	1,113,077	147,096	2,216,179	2,563,029	203,506
November	17,492,962	1,960,305	1,256,769	143,692	2,103,997	2,866,781	303,752
December	20,689,845	3,196,883	1,478,061	221,292	3,418,175	3,356,991	490,210
		<u>20,689,845</u>		<u>1,478,061</u>	<u>22,167,906</u>		<u>3,356,991</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 8 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Load Variation - Utility

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate <sup>(2)</sup>	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$/Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			C x {(D/O <sup>1</sup> ) - E}				(G - H) x I	(F + J)
											(to page 10)
January	539,000,000	522,550,185	(16,449,815)	31.85	0.04700	(58,488)	0	0	0.00600	0	(58,488)
February	529,200,000	500,161,445	(29,038,555)	31.00	0.04700	(64,069)	0	2,789	0.00600	(17)	(64,086)
March	502,300,000	516,756,315	14,456,315	30.28	0.04700	15,374	0	74	0.00600	0	15,374
April	409,900,000	388,214,926	(21,685,074)	30.28	0.04700	(23,062)	0	0	0.00600	0	(23,062)
May	360,000,000	325,889,741	(34,110,259)	28.66	0.04700	51,436	0	148	0.00600	(1)	51,435
June	285,400,000	277,034,400	(8,365,600)	28.66	0.04700	12,615	0	0	0.00600	0	12,615
July	271,200,000	271,237,857	37,857	28.66	0.04700	(57)	0	0	0.00600	0	(57)
August	269,100,000	267,156,084	(1,943,916)	28.66	0.04700	2,931	0	627	0.00600	(4)	2,927
September	277,500,000	273,964,453	(3,535,547)	28.66	0.04700	5,331	0	23,137	0.00600	(139)	5,192
October	351,900,000	345,173,476	(6,726,524)	27.99	0.04700	17,297	0	1,088	0.00600	(7)	17,290
November	435,600,000	392,703,492	(42,896,508)	27.75	0.04700	126,647	0	3,254	0.00600	(20)	126,627
December	541,600,000	535,988,163	(5,611,837)	28.00	0.04700	14,341	0	2,658	0.00600	(16)	14,325
	4,772,700,000	4,616,830,537	(155,869,463)			100,296	0	33,775		(204)	100,092

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 9 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Load Variation - Industrial

	A	B	C	D	E	F
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$ (to page 11)
January	116,800,000	64,027,045	(52,772,955)	31.85	0.02675	(1,256,290)
February	109,500,000	57,471,584	(52,028,416)	31.00	0.02675	(1,168,368)
March	116,300,000	58,868,607	(57,431,393)	30.28	0.02675	(1,224,064)
April	111,500,000	61,595,150	(49,904,850)	30.28	0.02675	(1,063,647)
May	104,000,000	63,144,084	(40,855,916)	28.66	0.02675	(765,724)
June	113,500,000	69,080,821	(44,419,179)	28.66	0.02675	(832,507)
July	116,100,000	70,793,099	(45,306,901)	28.66	0.02675	(849,145)
August	116,100,000	64,683,578	(51,416,422)	28.66	0.02675	(963,650)
September	107,000,000	58,761,792	(48,238,208)	28.66	0.02675	(904,084)
October	103,300,000	59,127,662	(44,172,338)	27.99	0.02675	(780,904)
November	114,200,000	61,082,092	(53,117,908)	27.75	0.02675	(918,813)
December	106,500,000	60,464,949	(46,035,051)	28.00	0.02675	(814,565)
	<u>1,334,800,000</u>	<u>749,100,463</u>	<u>(585,699,537)</u>			<u>(11,541,761)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 10 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Summary of Utility Customer**

December 2006

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment <sup>(2)</sup>	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 8)	(from page 7)		(A + B + C)			(to page 12)
Opening Balance							119,850
January	(58,488)	2,319,201	(359,591)	1,901,122	731	(2,659,780)	(638,077)
February	(64,086)	2,546,806	(319,217)	2,163,503	(3,891)	(2,545,836)	(1,024,301)
March	15,374	3,503,698	(298,606)	3,220,466	(6,247)	(2,630,290)	(440,372)
April	(23,062)	3,454,888	(290,452)	3,141,374	(2,686)	(1,976,014)	722,302
May	51,435	1,976,487	(244,789)	1,783,133	4,405	(1,658,780)	851,060
June	12,615	260,181	(244,698)	28,098	5,190	(1,410,105)	(525,757)
July	(57)	96,037	(267,912)	(171,932)	(3,206)	(2,465,552)	(3,166,447)
August	2,927	122,878	(317,964)	(192,159)	(19,310)	(2,428,455)	(5,806,371)
September	5,192	149,379	(352,936)	(198,365)	(35,409)	(2,490,547)	(8,530,692)
October	17,290	2,216,179	(341,502)	1,891,967	(52,023)	(3,137,637)	(9,828,385)
November	126,627	2,103,997	(384,766)	1,845,858	(59,937)	(3,569,704)	(11,612,168)
December	14,325	3,418,175	(419,247)	3,013,253	(70,815)	(4,872,157)	(13,541,887)
Year to date	100,092	22,167,906	(3,841,680)	18,426,318	(243,198)	(31,844,857)	(13,661,737)
Hydraulic allocation							(5,726,000)
(from page 4)							
Total	100,092	22,167,906	(3,841,680)	18,426,318	(243,198)	(31,844,857)	(19,267,887)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 88.58% and 11.42% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is 0.509 cents per kWh effective July 1, 2005 to June 30, 2006 and 0.909 cents per kWh effective July 1, 2006.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 11 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Summary of Industrial Customers

	A	B	C	D	E	F
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(1,295,593)
January	(1,256,290)	558,261	(698,029)	(7,901)	(339,923)	(2,341,446)
February	(1,168,368)	558,340	(610,028)	(14,279)	(305,174)	(3,270,927)
March	(1,224,064)	691,735	(532,329)	(19,947)	(312,592)	(4,135,795)
April	(1,063,647)	636,325	(427,322)	(25,221)	(327,070)	(4,915,408)
May	(765,724)	296,664	(469,060)	(29,976)	(335,295)	(5,749,739)
June	(832,507)	(23,203)	(855,710)	(35,064)	(366,819)	(7,007,332)
July	(849,145)	(96,673)	(945,818)	(42,733)	(375,911)	(8,371,794)
August	(963,650)	(123,917)	(1,087,567)	(51,054)	(343,470)	(9,853,885)
September	(904,084)	(138,009)	(1,042,093)	(60,092)	(312,025)	(11,268,095)
October	(780,904)	203,506	(577,398)	(68,717)	(174,427)	(12,088,637)
November	(918,813)	303,752	(615,061)	(73,721)	(180,192)	(12,957,611)
December	(814,565)	490,210	(324,355)	(79,021)	(178,372)	(13,539,359)
Year to date	(11,541,761)	3,356,991	(8,184,770)	(507,726)	(3,551,270)	(12,243,766)
Hydraulic allocation						(867,115)
(from page 4)						
Total	(11,541,761)	3,356,991	(8,184,770)	(507,726)	(3,551,270)	(14,406,474)

(1) The RSP adjustment rate for Industrial Customers is 0.531 cents per kWh effective January 1, 2006. This rate was reduced to 0.295 cents per kWh effective Oct. 1, 2006 as per PUB Order P.U. 31 (2006).

(2) In January Aur Resources came on line as an industrial customer and PUB Order P.U. 1(2006) allowed for its inclusion in the RSP with a recovery rate of 0.0466 cents per kWh effective January 20, 2006. P.U. 2 (2006) further directed that this rate increase to 0.531 cents as of January 27, 2006.

- 12 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Overall Summary

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
	<b>(from page 4)</b>	<b>(from page 10)</b>	<b>(from page 11)</b>	
December 2005	(10,625,444)	119,850	(1,295,593)	(11,801,187)
January	(15,194,592)	(638,077)	(2,341,446)	(18,174,115)
February	(18,577,536)	(1,024,301)	(3,270,927)	(22,872,764)
March	(21,830,618)	(440,372)	(4,135,795)	(26,406,785)
April	(20,476,237)	722,302	(4,915,408)	(24,669,343)
May	(20,757,762)	851,060	(5,749,739)	(25,656,441)
June	(20,854,022)	(525,757)	(7,007,332)	(28,387,111)
July	(18,578,786)	(3,166,447)	(8,371,794)	(30,117,027)
August	(16,039,947)	(5,806,371)	(9,853,885)	(31,700,203)
September	(16,589,871)	(8,530,692)	(11,268,095)	(36,388,658)
October	(18,237,832)	(9,828,385)	(12,088,637)	(40,154,854)
November	(18,105,725)	(11,612,168)	(12,957,611)	(42,675,504)
December	(15,977,692)	(19,267,887)	(14,406,473)	(49,652,052)

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 13 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2006

## RATE STABILIZATION PLAN

## Recovery of December 2003 Balance

	A	B	C	D	E	F	G
	Utility Customer			Island Industrial Customers			Total To Date
	Recovery <sup>(1)</sup>	Financing Charges	Total To Date	Recovery <sup>(2)</sup>	Financing Charges	Total To Date	Due From (To) Customers
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
			(A + B)			(D + E)	(C + F)
Opening Balance			79,780,517.50			25,086,036.10	104,866,553.60
January <sup>(3)</sup>	(3,323,419.18)	486,528.19	76,943,626.51	(648,990.19)	152,983.01	24,590,028.92	101,533,655.43
February	(3,181,044.53)	469,227.88	74,231,809.86	(582,761.86)	149,958.19	24,157,225.25	98,389,035.11
March	(3,286,570.63)	452,690.32	71,397,929.55	(596,927.67)	147,318.81	23,707,616.39	95,105,545.94
April	(2,469,046.93)	435,408.37	69,364,290.99	(624,574.82)	144,576.95	23,227,618.52	92,591,909.51
May	(2,072,659.69)	423,006.57	67,714,637.87	(640,281.01)	141,649.76	22,728,987.27	90,443,625.14
June	(1,761,938.78)	412,946.43	66,365,645.52	(700,479.52)	138,608.94	22,167,116.69	88,532,762.21
July	(1,917,651.65)	404,719.83	64,852,713.70	(717,842.02)	135,182.47	21,584,457.14	86,437,170.84
August	(1,888,797.95)	395,493.47	63,359,409.22	(655,891.48)	131,629.21	21,060,194.87	84,419,604.09
September	(1,937,092.26)	386,386.80	61,808,703.76	(595,844.57)	128,432.09	20,592,782.39	82,401,486.15
October <sup>(4)</sup>	(2,440,384.17)	376,930.08	59,745,249.67	(10,548,704.70)	64,598.32	10,108,676.01	69,853,925.68
November	(2,776,436.69)	364,346.45	57,333,159.43	(566,841.81)	61,646.08	9,603,480.28	66,936,639.71
December	(3,789,455.10)	349,636.72	53,893,341.05	(561,114.73)	58,565.22	9,100,930.77	62,994,271.82
Total	(30,844,497.56)	4,957,321.11	53,893,341.05	(17,440,254.38)	1,455,149.05	9,100,930.77	62,994,271.82

(1) The recovery rate for Utility is 0.636 cents per kWh effective July 1, 2005 to June 30, 2006 and 0.707 cents per kWh effective July 1, 2006.

(2) The recovery rate for Industrial Customers is 1.014 cents per kWh effective January 1, 2006. This rate was reduced to 0.928 cents per kWh effective October 1, 2006 as per PUB Order P.U. 31 (2006).

(3) In January Aur Resources came on line as an industrial customer and PUB Order P.U. 1(2006) allowed for its inclusion in the RSP with a recovery rate of 0.0751 cents per kWh effective January 20, 2006. P.U. 2 (2006) further directed that this rate increase to 1.014 cents as of January 27, 2006.

(4) The balance owing from industrial customers reflects a \$10.0 million contribution from the Government of Newfoundland with an effective date of October 1, 2006.

**NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN REPORT  
DECEMBER, 2007**

- 1 -

**RATE STABILIZATION PLAN REPORT****Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

	2007 Test Year Cost of Service			
	Net Hydraulic	No. 6 Fuel	Utility	Industrial
	Production	Cost	Load	Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	<u>4,472,070,000</u>		<u>4,925,800,000</u>	<u>894,300,000</u>

- 2 -

Plan HighlightsHydraulic Production

Year-to-date hydraulic production is 217.4 GWh more than the Cost of Service production of 4,472.1 GWh resulting in a fuel savings of \$20,884,529 in the hydraulic variation account. (See page 4)

No. 6 Fuel Cost

The No.6 fuel cost for the month of December was \$66.01, \$7.03 more than the Cost of Service. Lower year-to-date average fuel costs have resulted in a year-to-date amount of \$5,771,537 due to Customers. (See page 5)

Customer Load

Utility sales are up 64.5 GWh year-to-date compared with the Cost of Service Sales of 4,925.8 GWh resulting in \$253,840 due from the utility customer. (See page 8)

Industrial sales are down 123.1 GWh year-to-date compared with the Cost of Service Sales of 894.3 GWh resulting in \$6,262,077 due to industrial customers. (See page 9)

Rural Rates

A net amount of \$42,585 assigned to Labrador Interconnected Customers is removed from the plan and written off to Hydro's net income (loss). This year-to-date amount is calculated as follows:

Rural rate alteration (RRA)	\$ 1,861,804	charge <sup>(1)</sup>
Less RRA to utility customer	<u>1,658,868</u>	charge (see page 10)
RRA to Labrador Interconnected	202,936	charge
Fuel variance to Labrador Interconnected	(40,840)	savings (see page 6)
Hydraulic variance allocation adjustment	<u>(118,398)</u>	savings (see schedule A)
Net Labrador Interconnected	<u>\$ 43,698</u>	net charge

<sup>(1)</sup> Beginning January 2007, the RRA includes a monthly amount of \$92,560. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 14 (2007) issued August 17, 2007.

- 3 -

**Plan Highlights Continued****Current Plan Summary**

Balances below from utility and industrial customers are expected to be recovered in one year. In addition, at December 31, 25% of the hydraulic variance and 100% of the related financing charges was allocated between industrial (\$758,949 due to Customers) and utility customers (\$5,262,203 due to Customers) and to be repaid in one year. The balances are comprised of the following:

Utility Customer	\$ (9,397,169)	due to customer <sup>(3)</sup>
Utility Customer – 25% Hydraulic balance	<u>(5,262,203)</u>	due to customer
<b>Sub-total Utility</b>	<b>(14,659,372)</b>	
Industrial Customers	(6,687,095)	due to customer
Industrial Customers – 25% Hydraulic variance	(758,949)	due to customer
Industrial Customers: - 2003 balance	<u>(1,382,924)</u>	due to customers <sup>(4)</sup>
<b>Sub-total Industrial</b>	<b>(8,828,968)</b>	
Hydraulic Balance:	<u>(14,820,468)</u>	fuel savings <sup>(2)</sup>
<b>Total Plan Balance:</b>	<b><u>\$ (38,308,808)</u></b>	

**December 2003 Plan Balance**

The plan balances as at December 31, 2003 were consolidated and are being recovered over four years. Year-to-date recoveries for utility and industrial customers are \$24,093,414 and \$8,746,071 respectively. As of December 31, 2007 the balance of \$1,382,924 due to Industrial Customers has been transferred to the current plan in accordance with Section E of the Rate Stabilization Plan rules. The remaining balance of \$12,053,450<sup>3</sup> is due from the Utility Customer.

- (2) The amount represents the hydraulic balance for the current year to-date as the hydraulic balance at December 31, 2006 was allocated to industrial and utility customers as per P.U. 8. (2007).
- (3) December 2006 balances were adjusted in accordance with the provisions of the special adjustment to the RSP Hydraulic Production Variation as set out in Schedule B attached to Order P.U. 8 (2007).
- (4) The balance of the December 2003 Plan related to industrial customers will be recovered during 2008 as a component of the Current Plan in accordance with Section E of the Rate Stabilization Plan rules.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 4 -

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN

December 2007

## Net Hydraulic Production Variation

	<b>A</b> Cost of Service Net Hydraulic Production (kWh)	<b>B</b> Actual Net Hydraulic Production (kWh)	<b>C</b> Monthly Net Hydraulic Production Variance (kWh) (A - B)	<b>D</b> Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	<b>E</b> Net Hydraulic Production Variation (\$) (C / O <sup>1</sup> X D)	<b>F</b> Financing Charges (\$)	<b>G</b> Cumulative Variation and Financing Charges (\$) (E + F) (to page 12)
Opening balance <sup>(3)</sup>							0
January	427,100,000	531,972,339	(104,872,339)	54.17	(9,017,357)	0	(9,017,357)
February	388,680,000	490,775,513	(102,095,513)	54.73	(8,869,345)	(54,713)	(17,941,415)
March	415,080,000	467,302,785	(52,222,785)	55.46	(4,597,263)	(108,860)	(22,647,538)
April	355,520,000	400,656,711	(45,136,711)	55.46	(3,973,463)	(137,414)	(26,758,415)
May	324,240,000	335,838,684	(11,598,684)	55.46	(1,021,052)	(162,357)	(27,941,824)
June	328,500,000	281,234,508	47,265,492	54.49	4,088,090	(169,537)	(24,023,271)
July	386,790,000	275,130,963	111,659,037	54.49	9,657,621	(145,761)	(14,511,411)
August	379,140,000	344,850,651	34,289,349	54.49	2,965,757	(88,048)	(11,633,702)
September	363,560,000	355,535,026	8,024,974	54.49	694,097	(70,587)	(11,010,192)
October	340,510,000	322,786,684	17,723,316	54.56	1,534,895	(66,804)	(9,542,101)
November	364,390,000	371,392,165	(7,002,165)	54.56	(606,410)	(57,897)	(10,206,408)
December	398,560,000	511,957,801	(113,397,801)	58.98	(10,616,194)	(61,927)	(20,884,529)
	<u>4,472,070,000</u>	<u>4,689,433,830</u>	<u>(217,363,830)</u>		<u>(19,760,624)</u>	<u>(1,123,905)</u>	<u>(20,884,529)</u>
Hydraulic Allocation <sup>2</sup>					4,940,156	1,123,905	6,064,061
Hydraulic variation at year end					<u>(14,820,468)</u>	<u>-</u>	<u>(14,820,468)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

	<b>(from page 6)</b> 12 month kWh	% of kWh to total	Allocation	<b>(to pages 11 &amp; 12)</b> Reallocate Rural	Net
Utility	4,990,718,593	81.0%	4,911,447	350,756	5,262,203
Industrial	771,198,558	12.5%	758,949		758,949
Rural	400,018,423	6.5%	393,665	(393,665)	-
Total	<u>6,161,935,574</u>	<u>100.0%</u>	<u>6,064,061</u>	<u>(42,909)</u>	<u>6,021,152</u>
Labrador Inteconnected (write-off to income)				42,909	42,909
				<u>-</u>	<u>6,064,061</u>

(3) In accordance with PUB Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 5 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## No. 6 Fuel Variation

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	211,209	184	211,025	54.17	46.53	(7.64)	(1,612,231)
February	231,852	585	231,267	54.73	46.25	(8.48)	(1,961,147)
March	269,147	1,901	267,246	55.46	46.60	(8.86)	(2,367,797)
April	222,349	2,320	220,029	55.46	47.47	(7.99)	(1,758,031)
May	215,328	6,409	208,919	55.46	51.73	(3.73)	(779,268)
June	170,607	6,259	164,348	54.49	52.65	(1.84)	(302,399)
July	124,765	2,786	121,979	54.49	54.85	0.36	43,912
August	17,736	1,429	16,307	54.49	54.90	0.41	6,686
September	231	145	86	54.49	56.10	1.61	139
October	154,238	18	154,220	54.56	56.11	1.55	239,041
November	181,235	0	181,235	54.56	60.03	5.47	991,357
December	245,950	118	245,832	58.98	66.01	7.03	1,728,201
	<u>2,044,648</u>	<u>22,154</u>	<u>2,022,494</u>	<u>55.47</u>	<u>52.51</u>	<u>(2.96)</u>	<u>(5,771,537)</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 6 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance – Year-to-Date

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	4,661,863,479	749,734,721	374,020,081	5,785,618,281	(1,299,083)	(208,922)	(104,226)	(1,612,231)	(92,865)	(11,361)
February	4,699,613,239	756,787,987	375,955,265	5,832,356,491	(2,879,367)	(463,670)	(230,341)	(3,573,378)	(205,234)	(25,107)
March	4,715,725,889	773,537,749	379,723,680	5,868,987,318	(4,773,729)	(783,052)	(384,394)	(5,941,175)	(342,495)	(41,899)
April	4,779,221,431	780,435,589	382,343,048	5,942,000,068	(6,192,563)	(1,011,231)	(495,412)	(7,699,206)	(441,412)	(54,000)
May	4,834,932,413	792,423,226	386,603,082	6,013,958,721	(6,816,284)	(1,117,158)	(545,032)	(8,478,474)	(485,624)	(59,408)
June	4,868,431,946	795,936,264	390,313,494	6,054,681,704	(7,060,500)	(1,154,316)	(566,057)	(8,780,873)	(504,357)	(61,700)
July	4,881,848,366	796,326,557	391,675,595	6,069,850,518	(7,026,947)	(1,146,235)	(563,779)	(8,736,961)	(502,327)	(61,452)
August	4,878,879,744	804,630,152	393,535,158	6,077,045,054	(7,008,992)	(1,155,931)	(565,352)	(8,730,275)	(503,729)	(61,623)
September	4,890,302,421	802,684,146	394,303,282	6,087,289,849	(7,013,467)	(1,151,176)	(565,493)	(8,730,136)	(503,854)	(61,639)
October	4,915,887,352	792,629,130	394,486,611	6,103,003,093	(6,839,463)	(1,102,783)	(548,849)	(8,491,095)	(489,024)	(59,825)
November	4,945,742,586	777,878,124	396,548,060	6,120,168,770	(6,060,580)	(953,222)	(485,936)	(7,499,738)	(432,969)	(52,967)
December	4,990,718,593	771,198,558	400,018,423	6,161,935,574	(4,674,524)	(722,338)	(374,675)	(5,771,537)	(333,835)	(40,840)

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 7 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Allocation of Fuel Variance - Monthly

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	(1,299,083)	(1,299,083)	(92,865)	(92,865)	(1,391,948)	(208,922)	(208,922)
February	(2,879,367)	(1,580,284)	(205,234)	(112,369)	(1,692,653)	(463,670)	(254,748)
March	(4,773,729)	(1,894,362)	(342,495)	(137,261)	(2,031,623)	(783,052)	(319,382)
April	(6,192,563)	(1,418,834)	(441,412)	(98,917)	(1,517,751)	(1,011,231)	(228,179)
May	(6,816,284)	(623,721)	(485,624)	(44,212)	(667,933)	(1,117,158)	(105,927)
June	(7,060,500)	(244,216)	(504,357)	(18,733)	(262,949)	(1,154,316)	(37,158)
July	(7,026,947)	33,553	(502,327)	2,030	35,583	(1,146,235)	8,081
August	(7,008,992)	17,955	(503,729)	(1,402)	16,553	(1,155,931)	(9,696)
September	(7,013,467)	(4,475)	(503,854)	(125)	(4,600)	(1,151,176)	4,755
October	(6,839,463)	174,004	(489,024)	14,830	188,834	(1,102,783)	48,393
November	(6,060,580)	778,883	(432,969)	56,055	834,938	(953,222)	149,561
December	(4,674,524)	1,386,056	(333,835)	99,134	1,485,190	(722,338)	230,884
		<u>(4,674,524)</u>		<u>(333,835)</u>	<u>(5,008,359)</u>		<u>(722,338)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 8 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Load Variation - Utility

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate <sup>(2)</sup>	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			C x {(D/O <sup>1</sup> ) - E}				(G - H) x I	(F + J)
											(to page 10)
January	574,800,000	567,548,424	(7,251,576)	54.17	0.08805	14,981	0	928	0.00841	(8)	14,973
February	518,600,000	537,906,741	19,306,741	54.73	0.08805	(22,724)	0	7,253	0.00841	(61)	(22,785)
March	524,700,000	532,869,039	8,169,039	55.46	0.08805	(149)	0	0	0.00841	0	(149)
April	429,200,000	451,710,468	22,510,468	55.46	0.08805	(411)	0	0	0.00841	0	(411)
May	358,700,000	381,600,871	22,900,871	55.46	0.08805	(418)	0	0	0.00841	0	(418)
June	298,400,000	310,533,933	12,133,933	54.49	0.08805	(18,904)	0	0	0.00841	0	(18,904)
July	293,400,000	284,654,277	(8,745,723)	54.49	0.08805	13,625	0	0	0.00841	0	13,625
August	287,000,000	264,188,089	(22,811,911)	54.49	0.08805	35,540	0	0	0.00841	0	35,540
September	297,700,000	285,046,055	(12,653,945)	54.49	0.08805	19,714	0	364,212	0.00841	(3,063)	16,651
October	360,200,000	370,753,163	10,553,163	54.56	0.08805	(15,269)	0	6,332	0.00841	(53)	(15,322)
November	439,300,000	422,560,646	(16,739,354)	54.56	0.08805	24,219	0	1,334	0.00841	(11)	24,208
December	543,800,000	580,955,987	37,155,987	58.98	0.08805	206,923	0	10,841	0.00841	(91)	206,832
	<u>4,925,800,000</u>	<u>4,990,327,693</u>	<u>64,527,693</u>			<u>257,127</u>	<u>0</u>	<u>390,900</u>		<u>(3,287)</u>	<u>253,840</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 9 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Load Variation - Industrial

	A	B	C	D	E	F
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$ (to page 11)
January	78,300,000	64,661,303	(13,638,697)	54.17	0.03676	(671,353)
February	70,900,000	64,524,850	(6,375,150)	54.73	0.03676	(319,478)
March	76,600,000	75,618,369	(981,631)	55.46	0.03676	(50,330)
April	75,600,000	68,492,990	(7,107,010)	55.46	0.03676	(364,389)
May	69,500,000	75,131,721	5,631,721	55.46	0.03676	288,748
June	73,800,000	72,593,859	(1,206,141)	54.49	0.03676	(59,984)
July	77,500,000	71,183,392	(6,316,608)	54.49	0.03676	(314,138)
August	77,900,000	72,987,173	(4,912,827)	54.49	0.03676	(244,325)
September	73,000,000	56,815,786	(16,184,214)	54.49	0.03676	(804,874)
October	74,400,000	49,072,646	(25,327,354)	54.56	0.03676	(1,262,396)
November	74,100,000	46,331,086	(27,768,914)	54.56	0.03676	(1,384,091)
December	72,700,000	53,785,383	(18,914,617)	58.98	0.03676	(1,075,467)
	894,300,000	771,198,558	(123,101,442)			(6,262,077)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 10 -

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN**  
**Summary of Utility Customer**

December 2007

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration <sup>(1)</sup>	Subtotal Monthly Variances	Financing Charges	Adjustment <sup>(2)</sup>	Cumulative Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 8)	(from page 7)	(A + B + C)				(to page 12)
Opening Balance <sup>(3)</sup>							(13,541,887)
January	14,973	(1,391,948)	104,050	(1,272,925)	(82,165)	164,589	(14,732,388)
February	(22,785)	(1,692,653)	102,324	(1,613,114)	(89,389)	155,995	(16,278,896)
March	(149)	(2,031,623)	100,826	(1,930,946)	(98,772)	154,532	(18,154,082)
April	(411)	(1,517,751)	101,241	(1,416,921)	(110,150)	130,996	(19,550,157)
May	(418)	(667,933)	99,708	(568,643)	(118,621)	110,664	(20,126,757)
June	(18,904)	(262,949)	100,834	(181,019)	(122,119)	90,055	(20,339,840)
July	13,625	35,583	119,807	169,015	(123,412)	990,597	(19,303,640)
August	35,540	16,553	182,434	234,527	(117,125)	919,375	(18,266,863)
September	16,651	(4,600)	180,937	192,988	(110,834)	993,228	(17,191,481)
October	(15,322)	188,834	174,219	347,731	(104,309)	1,290,243	(15,657,816)
November	24,208	834,938	191,024	1,050,170	(95,004)	1,470,516	(13,232,134)
December	206,832	1,485,190	201,464	1,893,486	(80,286)	2,021,765	(9,397,169)
Year to date	253,840	(5,008,359)	1,658,868	(3,095,651)	(1,252,186)	8,492,555	4,144,718
Hydraulic allocation (from page 4)							(5,262,203)
Total	253,840	(5,008,359)	1,658,868	(3,095,651)	(1,252,186)	8,492,555	(14,659,372)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is 0.029 cents per kWh effective January 1, 2007 to June 30, 2007 and 0.348 per kWh effective July 1, 2007.

(3) In accordance with Board Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report. This resulted in an adjustment of \$5,726,000 to the opening balance due to Utility Customer.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 11 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Summary of Industrial Customers

	A	B	C	D	E	F
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(14,406,474)
January	(671,353)	(208,922)	(880,275)	(87,411)	1,293,226	(14,080,934)
February	(319,478)	(254,748)	(574,226)	(85,436)	1,291,104	(13,449,492)
March	(50,330)	(319,382)	(369,712)	(81,605)	1,512,367	(12,388,442)
April	(364,389)	(228,179)	(592,568)	(75,167)	1,369,860	(11,686,317)
May	288,748	(105,927)	182,821	(70,907)	1,502,634	(10,071,769)
June	(59,984)	(37,158)	(97,142)	(61,110)	1,451,877	(8,778,144)
July	(314,138)	8,081	(306,057)	(53,261)	1,423,668	(7,713,794)
August	(244,325)	(9,696)	(254,021)	(46,803)	1,459,743	(6,554,875)
September	(804,874)	4,755	(800,119)	(39,772)	1,136,316	(6,258,450)
October	(1,262,396)	48,393	(1,214,003)	(37,973)	981,453	(6,528,973)
November	(1,384,091)	149,561	(1,234,530)	(39,615)	926,622	(6,876,496)
December	(1,075,467)	230,884	(844,583)	(41,724)	1,075,708	(6,687,095)
Year to date	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	7,719,379
Hydraulic allocation - page 4						(758,949)
2003 industrial plan balance Note 2						(1,382,924)
Total	(6,262,077)	(722,338)	(6,984,415)	(720,784)	15,424,578	(8,828,968)

(1) The RSP adjustment rate for Industrial Customers is 2.000 cents per kWh effective January 1, 2007.

(2) The balance of the December 2003 Plan related to Industrial customers will be recovered during 2008 as a component of the Current Plan in accordance with the Section E of the Rate Stabilization Plan Rules.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 12 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Overall Summary

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
	<b>(from page 4)</b>	<b>(from page 10)</b>	<b>(from page 11)</b>	
December 2006 <sup>(1)</sup>	0	(13,541,887)	(14,406,474)	(27,948,361)
January	(9,017,357)	(14,732,388)	(14,080,934)	(37,830,679)
February	(17,941,415)	(16,278,896)	(13,449,492)	(47,669,803)
March	(22,647,538)	(18,154,082)	(12,388,442)	(53,190,062)
April	(26,758,415)	(19,550,157)	(11,686,317)	(57,994,889)
May	(27,941,824)	(20,126,757)	(10,071,769)	(58,140,350)
June	(24,023,271)	(20,339,840)	(8,778,144)	(53,141,255)
July	(14,511,411)	(19,303,640)	(7,713,794)	(41,528,845)
August	(11,633,702)	(18,266,863)	(6,554,875)	(36,455,440)
September	(11,010,192)	(17,191,481)	(6,258,450)	(34,460,123)
October	(9,542,101)	(15,657,816)	(6,528,973)	(31,728,890)
November	(10,206,408)	(13,232,134)	(6,876,496)	(30,315,038)
December	(14,820,468)	(14,659,372)	(8,828,968)	(38,308,808)

(1) In accordance with Board Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report. This resulted in an adjustment of \$5,726,000 to the current plan opening utility balance and a reduction of the hydraulic balance to 0.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 13 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## Recovery of December 2003 Balance

	A	B	C	D	E	F	G
	Utility Customer			Island Industrial Customers			Total To Date
	Recovery <sup>(1)</sup>	Financing Charges	Total To Date	Recovery <sup>(2)</sup>	Financing Charges	Total To Date	Due From (To) Customers
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
			(A + B)			(D + E)	(C + F)
Opening Balance <sup>(3) (4)</sup>			34,393,834.05			7,144,242.96	41,538,077.01
January	(2,576,674.06)	208,684.59	32,025,844.58	(745,993.86)	43,347.69	6,441,596.79	38,467,441.37
February	(2,442,129.53)	194,316.81	29,778,031.86	(736,593.78)	39,084.39	5,744,087.40	35,522,119.26
March	(2,419,225.44)	180,678.21	27,539,484.63	(863,002.68)	34,852.25	4,915,936.97	32,455,421.60
April	(2,050,765.52)	167,095.82	25,655,814.93	(783,103.27)	29,827.45	4,162,661.15	29,818,476.08
May	(1,732,467.95)	155,666.66	24,079,013.64	(858,888.60)	25,256.95	3,329,029.50	27,408,043.14
June	(1,409,824.06)	146,099.42	22,815,289.00	(832,875.91)	20,198.89	2,516,352.48	25,331,641.48
July	(1,477,355.70)	138,431.77	21,476,365.07	(811,381.30)	15,267.97	1,720,239.15	23,196,604.22
August	(1,371,136.18)	130,307.85	20,235,536.74	(834,554.27)	10,437.55	896,122.43	21,131,659.17
September	(1,481,279.29)	122,779.12	18,877,036.57	(638,450.06)	5,437.22	263,109.59	19,140,146.16
October	(1,924,241.78)	114,536.42	17,067,331.21	(537,998.83)	1,596.42	(273,292.82)	16,794,038.39
November	(2,193,096.68)	103,556.03	14,977,790.56	(507,122.64)	(1,658.20)	(782,073.66)	14,195,716.90
December	(3,015,217.84)	90,877.74	12,053,450.46	(596,105.35)	(4,745.23)	(1,382,924.24)	10,670,526.22
Plan Expiry <sup>(5)</sup>						1,382,924.24	
Total	(24,093,414.03)	1,753,030.44	12,053,450.46	(8,746,070.55)	218,903.35	0.00	12,053,450.46

(1) The recovery rate for Utility is 0.454 cents per kWh effective January 1, 2007 to June 30, 2007 and 0.519 per kWh effective July 1, 2007.

(2) The recovery rate for Industrial Customers is 1.215 cents per kWh effective January 1, 2007.

(3) In accordance with Board Order P.U. 8 (2007), the December 31, 2006 Hydraulic Variation balance was allocated to the Industrial and Utility Customers as detailed in Schedule A of this report. This resulted in a reduction of \$19,499,507 to the opening Utility Customer balance and a reduction of \$2,085,787 to the Industrial Customers balance.

(4) In accordance with Board Order P.U. 1 (2007) AUR Resources was granted exclusion from the Historical Plan Balance effective January 20, 2006. The 2007 opening balance has been increased by \$129,103.36 to reflect a refund of \$125,726.59 to AUR Resources for amounts collected from January 20 to December 31, 2006 and the associated financing charges of \$3,376.77.

(5) The balance in plan for industrial customers will be recovered during 2008 as a component of the current plan in accordance with Section E of the Rate Stabilization Plan rules.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

- 14 -

## NEWFOUNDLAND AND LABRADOR HYDRO

December 2007

## RATE STABILIZATION PLAN

## RATE STABILIZATION PLAN, DECEMBER 31, 2006 ADJUSTMENTS'

Line No.		Balance		Revised Balance	Comments - Adjustment
		December 2006 RSP Report	Adjustment		
1	Hydraulic Production Variation Balance	(15,977,692)	15,977,692	-	Line 6
2	Summary of Utility Customer	(19,267,887)	5,726,000	(13,541,887)	Hydraulic allocation moved to Historic Plan
3	Summary of Industrial Customers	(14,406,474)		(14,406,474)	No Change
4	Recovery of December 2003 Balance - Utility	53,893,341	(19,499,507)	34,393,834	Line 2 Adjustment plus Line 7 Net
5	Recovery of December 2003 Balance - Industrial Customers	9,100,931	(2,085,787)	7,015,143	Line 8 Net
<b>Hydraulic Production Variation Balance Adjustment</b>					
6	Balance December 31, 2006		15,977,692		
	Allocation:				
		12 month (Dec 2006 ) kWh	% of kWh to total	Allocation	Reallocate Rural Net
7	Utility	4,616,864,312	80.5%	12,855,149	918,358 13,773,507
8	Industrial	749,100,463	13.1%	2,085,787	2,085,787
9	Rural	372,345,900	6.5%	1,036,756	(1,036,756) -
10		5,738,310,675	100.0%	15,977,692	(118,398) 15,859,294
11	Labrador Interconnected (write-off to income)				118,398 118,398
12					- 15,977,692

# **RATE STABILIZATION REPORT**

Newfoundland and Labrador Hydro

December 2008



**Newfoundland and Labrador Hydro  
Rate Stabilization Plan Report  
December 31, 2008**

**Newfoundland and Labrador Hydro  
 Rate Stabilization Plan  
 December 31, 2008**

**Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is 630 kWh/barrel.

	2007 Test Year Cost of Service			
	Net Hydraulic Production	No. 6 Fuel Cost	Utility Load	Industrial Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	<u>4,472,070,000</u>		<u>4,925,800,000</u>	<u>894,300,000</u>

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Plan Highlights  
December 31, 2008**

	Actual	Cost of Service	Variance	Year-to-Date Due (To) From customers	Reference
<b>Hydraulic production year-to-date</b>	4,771. GWh	4,472.1 GWh	299. GWh	\$ (26,383,315)	Page 4
<b>No 6 fuel cost - Current month</b>	\$ 59.25	\$ 58.98	\$ 0.27	\$ 27,745,268	Page 5
<b>Year-to-date customer load - Utility</b>	4,959.7 GWh	4,925.8 GWh	33.9 GWh	\$ (26,253)	Page 8
<b>Year-to-date customer load - Industrial</b>	690.2 GWh	894.3 GWh	-204.12 GWh	\$ (10,315,182)	Page 9
				<u>\$ (8,979,482)</u>	
<b>Rural rates</b>					
Rural Rate Alteration (RRA) <sup>(1)</sup>	\$ (245,481)				
Less : RRA to utility customer	<u>\$ (218,723)</u>				Page 10
RRA to Labrador interconnected	(26,758)				
Fuel variance to Labrador interconnected	<u>\$ 205,395</u>				Page 6
Net Labrador interconnected	<u><u>\$ 178,637</u></u>				
<b>Current plan summary</b>					
<b>One year recovery</b>					
Due (to) from utility customer	\$ (10,329,890)				Page 10
Due (to) from Industrial customers	<u>\$ (11,994,442)</u>				Page 11
Sub total	(22,324,333)				
<b>Four year recovery</b>					
Hydraulic balance	<u>\$ (30,902,837)</u>				Page 4
Total plan balance	<u><u>\$ (53,227,170)</u></u>				

<sup>(1)</sup> Beginning January 2008, the RRA includes a monthly amount of \$32,433. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 33 (2007) issued December 21, 2007.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Net Hydraulic Production Variation  
December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Cost of Service Net Hydraulic Production	Actual Net Hydraulic Production	Monthly Net Hydraulic Production Variance	Cost of Service No. 6 Fuel Cost	Net Hydraulic Production Variation	Financing Charges	Cumulative Variation and Financing Charges
	(kWh)	(kWh)	(kWh)	(\$Can/bbl.)	(\$)	(\$)	(\$)
			<b>(A - B)</b>		<b>(C / 0.1 x D)</b>		<b>(E + F)</b>
							<b>(to page 12)</b>
Opening balance							(14,820,468)
January	427,100,000	477,077,144	(49,977,144)	54.17	(4,297,241)	(89,923)	(19,207,632)
February	388,680,000	437,972,596	(49,292,596)	54.73	(4,282,196)	(116,542)	(23,606,370)
March	415,080,000	503,744,129	(88,664,129)	55.46	(7,805,258)	(143,232)	(31,554,860)
April	355,520,000	390,350,281	(34,830,281)	55.46	(3,066,170)	(191,459)	(34,812,489)
May	324,240,000	347,865,812	(23,625,812)	55.46	(2,079,821)	(211,225)	(37,103,535)
June	328,500,000	358,079,359	(29,579,359)	54.49	(2,558,380)	(225,126)	(39,887,041)
July	386,790,000	353,156,726	33,633,274	54.49	2,909,011	(242,015)	(37,220,045)
August	379,140,000	354,560,633	24,579,367	54.49	2,125,920	(225,833)	(35,319,958)
September	363,560,000	355,244,466	8,315,534	54.49	719,228	(214,304)	(34,815,034)
October	340,510,000	395,269,826	(54,759,826)	54.56	(4,742,375)	(211,240)	(39,768,649)
November	364,390,000	357,071,095	7,318,905	54.56	633,840	(241,296)	(39,376,105)
December	398,560,000	440,644,093	(42,084,093)	58.98	(3,939,873)	(238,915)	(43,554,893)
	<u>4,472,070,000</u>	<u>4,771,036,160</u>	<u>(298,966,160)</u>		<u>(26,383,315)</u>	<u>(2,351,110)</u>	<u>(43,554,893)</u>
Hydraulic Allocation <sup>2</sup>					10,300,946	2,351,110	12,652,056
Hydraulic variation at year end					<u>(16,082,369)</u>	<u>-</u>	<u>(30,902,837)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

	<b>(from page 6)</b>			<b>(to pages 11 &amp; 12)</b>	
	12 month kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	4,959,752,852	81.8%	10,352,198	765,618	11,117,816
Industrial	690,182,871	11.4%	1,440,578		1,440,578
Rural	411,682,211	6.8%	859,280	(859,280)	-
Total	<u>6,061,617,934</u>	<u>100.0%</u>	<u>12,652,056</u>	<u>(93,662)</u>	<u>12,558,394</u>
Labrador Interconnected (write-off to income)				93,662	93,662
				<u>-</u>	<u>12,652,056</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

## Newfoundland and Labrador Hydro

## Rate Stabilization Plan

## No. 6 Fuel Variation

December 31, 2008

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	315,296	1,267	314,029	54.17	69.17	15.00	4,710,435
February	278,439	3,118	275,321	54.73	70.34	15.61	4,297,761
March	231,653	1,240	230,413	55.46	71.09	15.63	3,601,351
April	169,327	583	168,744	55.46	71.52	16.06	2,710,036
May	134,027	329	133,698	55.46	71.52	16.06	2,147,194
June	26,533	258	26,275	54.49	79.33	24.84	652,660
July	339	337	2	54.49	89.89	35.40	55
August	0	408	(408)	54.49	89.89	35.40	(14,443)
September	135	369	(234)	54.49	89.95	35.46	(8,296)
October	102,573	256	102,317	54.56	90.06	35.50	3,632,242
November	215,331	1	215,330	54.56	82.18	27.62	5,947,416
December	255,028	2	255,026	58.98	59.25	0.27	68,857
	<u>1,728,681</u>	<u>8,168</u>	<u>1,720,513</u>	<u>55.47</u>	<u>71.59</u>	<u>16.12</u>	<u>27,745,268</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance – Year-to-Date**  
**December 31, 2008**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial	Rural Island	Total	Utility	Industrial	Rural Island	Total	Utility	Labrador
	Customers	Customers	Customers		Customers	Customers	Interconnected		Interconnected	
	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 88.58%)	(G X 11.42%)
					(to page 7)			(from page 5)	(to page 7)	
January	5,013,930,402	757,617,115	402,636,925	6,174,184,442	3,825,249	578,004	307,182	4,710,435	273,699	33,483
February	5,010,687,516	745,479,713	405,359,469	6,161,526,698	7,325,661	1,089,897	592,638	9,008,196	528,040	64,598
March	5,037,540,915	725,101,495	407,923,188	6,170,565,598	10,294,212	1,481,744	833,591	12,609,547	742,730	90,861
April	5,021,579,114	715,981,053	407,769,144	6,145,329,311	12,518,206	1,784,857	1,016,520	15,319,583	905,719	110,801
May	5,010,732,890	698,078,679	407,998,011	6,116,809,580	14,308,334	1,993,390	1,165,053	17,466,777	1,038,062	126,991
June	4,998,998,529	681,489,225	409,750,041	6,090,237,795	14,872,825	2,027,540	1,219,072	18,119,437	1,086,193	132,879
July	4,991,379,950	667,970,308	410,477,609	6,069,827,867	14,900,137	1,994,008	1,225,347	18,119,492	1,091,784	133,563
August	5,008,640,188	651,211,542	411,239,047	6,071,090,777	14,936,636	1,942,026	1,226,387	18,105,049	1,092,711	133,676
September	5,010,044,656	648,919,073	411,961,865	6,070,925,594	14,934,385	1,934,355	1,228,013	18,096,753	1,094,160	133,853
October	5,012,364,843	661,618,615	412,275,567	6,086,259,025	17,895,007	2,362,093	1,471,895	21,728,995	1,311,458	160,437
November	5,004,210,952	684,182,648	412,005,514	6,100,399,114	22,703,203	3,104,013	1,869,195	27,676,411	1,665,453	203,742
December	4,959,752,852	690,182,871	411,682,211	6,061,617,934	22,701,806	3,159,108	1,884,354	27,745,268	1,678,959	205,395

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Allocation of Fuel Variance – Monthly  
December 31, 2008**

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance	Fuel Variance	
	Year-to-Date	Current Month	Year-to-Date	Current Month	Activity for	Year-to-Date	Current Month
	Activity	Activity <sup>(1)</sup>	Activity	Activity <sup>(1)</sup>	the month	Activity	Activity <sup>(1)</sup>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 6)		(from page 6)		(B + D) (to page 10)	(from page 6)	(to page 11)
January	3,825,249	3,825,249	273,699	273,699	4,098,948	578,004	578,004
February	7,325,661	3,500,412	528,040	254,341	3,754,753	1,089,897	511,893
March	10,294,212	2,968,551	742,730	214,690	3,183,241	1,481,744	391,847
April	12,518,206	2,223,994	905,719	162,989	2,386,983	1,784,857	303,113
May	14,308,334	1,790,128	1,038,062	132,343	1,922,471	1,993,390	208,533
June	14,872,825	564,491	1,086,193	48,131	612,622	2,027,540	34,150
July	14,900,137	27,312	1,091,784	5,591	32,903	1,994,008	(33,532)
August	14,936,636	36,499	1,092,711	927	37,426	1,942,026	(51,982)
September	14,934,385	(2,251)	1,094,160	1,449	(802)	1,934,355	(7,671)
October	17,895,007	2,960,622	1,311,458	217,298	3,177,920	2,362,093	427,738
November	22,703,203	4,808,196	1,665,453	353,995	5,162,191	3,104,013	741,920
December	22,701,806	(1,397)	1,678,959	13,506	12,109	3,159,108	55,095
		<u>22,701,806</u>		<u>1,678,959</u>	<u>24,380,765</u>		<u>3,159,108</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variance – Utility**  
**December 31, 2008**

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$/Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$				(G - H) x I	(F + J)
											(to page 10)
January	574,800,000	590,752,934	15,952,934	54.17	0.08805	(32,957)	0	8,227	0.00841	(69)	(33,026)
February	518,600,000	534,671,108	16,071,108	54.73	0.08805	(18,915)	0	0	0.00841	0	(18,915)
March	524,700,000	559,719,845	35,019,845	55.46	0.08805	(639)	0	2,593	0.00841	(22)	(661)
April	429,200,000	435,748,667	6,548,667	55.46	0.08805	(120)	0	0	0.00841	0	(120)
May	358,700,000	370,754,647	12,054,647	55.46	0.08805	(220)	0	0	0.00841	0	(220)
June	298,400,000	298,799,572	399,572	54.49	0.08805	(623)	0	0	0.00841	0	(623)
July	293,400,000	276,980,859	(16,419,141)	54.49	0.08805	25,580	0	54,839	0.00841	(461)	25,119
August	287,000,000	281,448,327	(5,551,673)	54.49	0.08805	8,649	0	0	0.00841	0	8,649
September	297,700,000	286,814,735	(10,885,265)	54.49	0.08805	16,959	0	0	0.00841	0	16,959
October	360,200,000	373,078,329	12,878,329	54.56	0.08805	(18,633)	0	1,353	0.00841	(11)	(18,644)
November	439,300,000	414,408,089	(24,891,911)	54.56	0.08805	36,014	0	0	0.00841	0	36,014
December	543,800,000	536,495,923	(7,304,077)	58.98	0.08805	(40,677)	0	12,805	0.00841	(108)	(40,785)
	<u>4,925,800,000</u>	<u>4,959,673,035</u>	<u>33,873,035</u>			<u>(25,582)</u>	<u>0</u>	<u>79,817</u>		<u>(671)</u>	<u>(26,253)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Load Variance – Industrial  
December 31, 2008**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b> <b>(to page 11)</b>
January	78,300,000	51,079,860	(27,220,140)	54.17	0.03676	(1,339,888)
February	70,900,000	52,387,448	(18,512,552)	54.73	0.03676	(927,720)
March	76,600,000	55,240,151	(21,359,849)	55.46	0.03676	(1,095,157)
April	75,600,000	59,372,548	(16,227,452)	55.46	0.03676	(832,010)
May	69,500,000	57,229,347	(12,270,653)	55.46	0.03676	(629,138)
June	73,800,000	56,004,405	(17,795,595)	54.49	0.03676	(885,012)
July	77,500,000	57,664,475	(19,835,525)	54.49	0.03676	(986,462)
August	77,900,000	56,228,407	(21,671,593)	54.49	0.03676	(1,077,773)
September	73,000,000	54,523,317	(18,476,683)	54.49	0.03676	(918,884)
October	74,400,000	61,772,188	(12,627,812)	54.56	0.03676	(629,410)
November	74,100,000	68,895,119	(5,204,881)	54.56	0.03676	(259,428)
December	72,700,000	59,785,606	(12,914,394)	58.98	0.03676	(734,300)
	<u>894,300,000</u>	<u>690,182,871</u>	<u>(204,117,129)</u>			<u>(10,315,182)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Summary of Utility Customer  
December 31, 2008**

A	B	C	D	E	F	G	H
Load	Allocation	Allocation	Subtotal	Financing		Transfer from	Cumulative
Variation	Fuel Variance	Rural Rate Alteration <sup>(1)</sup>	Monthly Variances	Charges	Adjustment <sup>(2)</sup>	Old Plan	Net Balance
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		(\$)
(from page 8)	(from page 7)		(A + B + C)				(to page 12)
Opening Balance <sup>(3)</sup>							(14,652,165)
January	(33,026)	4,098,948	126,133	4,192,055	(88,902)	2,055,849	(8,493,163)
February	(18,915)	3,754,753	42,481	3,778,319	(51,532)	1,860,655	(2,905,721)
March	(661)	3,183,241	42,112	3,224,692	(17,630)	1,947,834	2,249,175
April	(120)	2,386,983	59,898	2,446,761	13,647	1,516,405	6,225,988
May	(220)	1,922,471	64,030	1,986,281	37,776	1,290,226	9,540,271
June	(623)	612,622	57,595	669,594	57,886	1,039,823	11,307,574
2003 Utility plan balance <sup>(4)</sup>						(2,238,025)	9,069,549
July	25,119	32,903	8,966	66,988	55,029	(2,083,308)	7,108,258
August	8,649	37,426	(115,302)	(69,227)	43,129	(2,116,491)	4,965,669
September	16,959	(802)	(110,476)	(94,319)	30,129	(2,156,847)	2,744,632
October	(18,644)	3,177,920	(108,416)	3,050,860	16,653	(2,805,559)	3,006,586
November	36,014	5,162,191	(127,946)	5,070,259	18,242	(3,116,349)	4,978,738
December	(40,785)	12,109	(157,798)	(186,474)	30,208	(4,034,546)	787,926
Year to date	(26,253)	24,380,765	(218,723)	24,135,789	144,635	(6,602,308)	15,440,091
Hydraulic allocation							(11,117,816)
(from page 4)							
Total	(26,253)	24,380,765	(218,723)	24,135,789	144,635	(6,602,308)	(10,329,890)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is \$0.348 cents per kWh effective July 1, 2007 to June 30, 2008 and \$0.752 effective July 1, 2008.

(3) The December 2007 closing balance of \$14,659,375 payable was reduced by \$7,210 related to a Rural Rate Alteration adjustment in July 2007.

(4) The balance in plan for utility customers will be recovered as a component of the current plan in accordance with Section E of the Rate Stabilization Plan.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Summary of Industrial Customers**  
**December 31, 2008**

	A	B	C	D	E	F
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(8,828,968)
January	(1,339,888)	578,004	(761,884)	(53,570)	462,206	(9,182,216)
February	(927,720)	511,893	(415,827)	(55,713)	468,080	(9,185,676)
March	(1,095,157)	391,847	(703,310)	(55,734)	499,003	(9,445,717)
April	(832,010)	303,113	(528,897)	(57,312)	529,906	(9,502,020)
May	(629,138)	208,533	(420,605)	(57,654)	514,376	(9,465,903)
June	(885,012)	34,150	(850,862)	(57,434)	502,326	(9,871,873)
July	(986,462)	(33,532)	(1,019,994)	(59,898)	510,304	(10,441,461)
August	(1,077,773)	(51,982)	(1,129,755)	(63,354)	497,280	(11,137,290)
September	(918,884)	(7,671)	(926,555)	(67,576)	482,977	(11,648,444)
October	(629,410)	427,738	(201,672)	(70,677)	551,743	(11,369,050)
November	(259,428)	741,920	482,492	(68,982)	608,393	(10,347,147)
December	(734,300)	55,095	(679,205)	(62,782)	535,270	(10,553,864)
Year to date	(10,315,182)	3,159,108	(7,156,074)	(730,686)	6,161,864	(1,724,896)
Hydraulic allocation - page 4						(1,440,578)
						0
Total	(10,315,182)	3,159,108	(7,156,074)	(730,686)	6,161,864	(11,994,442)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Cominco is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

## Newfoundland and Labrador Hydro

## Rate Stabilization Plan

## Overall Summary

December 31, 2008

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
				<b>(A + B + C)</b>
	<b>(from page 4)</b>	<b>(from page 10)</b>	<b>(from page 11)</b>	
December 2007	(14,820,468)	(14,652,165)	(8,828,968)	(38,301,602)
January	(19,207,632)	(8,493,163)	(9,182,216)	(36,883,012)
February	(23,606,370)	(2,905,721)	(9,185,676)	(35,697,768)
March	(31,554,860)	2,249,175	(9,445,717)	(38,751,403)
April	(34,812,489)	6,225,988	(9,502,020)	(38,088,522)
May	(37,103,535)	9,540,271	(9,465,903)	(37,029,168)
June	(39,887,041)	11,307,574	(9,871,873)	(38,451,341)
July	(37,220,045)	7,108,258	(10,441,461)	(40,553,249)
August	(35,319,958)	4,965,669	(11,137,290)	(41,491,580)
September	(34,815,034)	2,744,632	(11,648,444)	(43,718,847)
October	(39,768,649)	3,006,586	(11,369,050)	(48,131,114)
November	(39,376,105)	4,978,738	(10,347,147)	(44,744,515)
December	(30,902,837)	(10,329,890)	(11,994,442)	(53,227,170)

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Recovery of December 2003 Balance  
December 31, 2008**

	A	B	C	G
	Utility Customer			Total To Date
	Recovery <sup>(1)</sup>	Financing Charges	Total To Date	Due From (To) Customers
	(\$)	(\$)	(\$) (A + B)	(\$) (C + F)
Opening Balance			12,053,450.46	12,053,450.46
January	(3,066,050.43)	73,134.31	9,060,534.34	9,060,534.34
February	(2,774,943.05)	54,974.79	6,340,566.08	6,340,566.08
March	(2,904,959.45)	38,471.38	3,474,078.01	3,474,078.01
April	(2,261,535.58)	21,078.97	1,233,621.40	1,233,621.40
May	(1,924,216.62)	7,485.00	(683,110.22)	(683,110.22)
June	(1,550,769.78)	(4,144.77)	(2,238,024.77)	(2,238,024.77)
Plan expiry <sup>(2)</sup>				2,238,024.77
July	0.00			0.00
August	0.00	0.00	0.00	0.00
September	0.00	0.00	0.00	0.00
October	0.00	0.00	0.00	0.00
November	0.00	0.00	0.00	0.00
December	0.00	0.00	0.00	0.00
Total	(14,482,474.91)	190,999.68	(2,238,024.77)	0.00

(1) The recovery rate for Utility is 0.519 cents per kWh effective July 1, 2007 to June 30, 2008.

(2) The balance in plan for utility customers will be included as a component of the current plan in accordance with Section E of the Rate Stabilization Plan.

# **RATE STABILIZATION REPORT**

Newfoundland and Labrador Hydro

December 2009

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan Report  
December 31, 2009**

**Newfoundland and Labrador Hydro  
 Rate Stabilization Plan  
 December 31, 2009**

**Summary of Key Facts**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is set, for RSP purposes, at 630 kWh/barrel regardless of the actual conversion rate experienced.

	2007 Test Year Cost of Service			
	Net Hydraulic	No. 6 Fuel	Utility	Industrial
	Production	Cost	Load	Load
	(kWh)	(\$Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	4,472,070,000		4,925,800,000	894,300,000

**Newfoundland and Labrador Hydro  
 Rate Stabilization Plan  
 Plan Highlights  
 December 31, 2009**

	Actual	Cost of Service	Variance	Year-to-Date Due (To) From customers	Reference
<b>Hydraulic production year-to-date</b>	4,606.2 GWh	4,472.1 GWh	-134.2 GWh	\$ (12,005,544)	Page 4
<b>No 6 fuel cost - Current month</b>	\$ 67.33	\$ 58.98	\$ 8.35	\$ (4,523,041)	Page 5
<b>Year-to-date customer load - Utility</b>	5,111.2 GWh	4,925.8 GWh	185.4 GWh	\$ (152,989)	Page 8
<b>Year-to-date customer load - Industrial</b>	384.8 GWh	894.3 GWh	-(509.5) GWh	\$ (25,874,401)	Page 9
				<u>\$ (42,555,975)</u>	
<b>Rural rates</b>					
Rural Rate Alteration (RRA) <sup>(1)</sup>	\$ (1,152,150)				Page 10
Less : RRA to utility customer	<u>\$ (1,026,565)</u>				
RRA to Labrador interconnected	(125,585)				
Fuel variance to Labrador interconnected	<u>\$ (34,638)</u>				Page 6
Net Labrador interconnected	<u><u>\$ (160,223)</u></u>				
<b>Current plan summary <sup>(2)</sup></b>					
<b>One year recovery</b>					
Due (to) from utility customer <sup>(2)</sup>	\$ (52,940,017)				Page 10
Due (to) from Industrial customers <sup>(2)</sup>	<u>\$ (36,874,648)</u>				Page 11
Sub total	(89,814,665)				
<b>Four year recovery</b>					
Hydraulic balance	<u>\$ (32,181,286)</u>				Page 4
Total plan balance	<u><u>\$ (121,995,951)</u></u>				

<sup>(1)</sup> Beginning January 2009, the RRA includes a monthly credit of \$5,766. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 34 (2008) issued December 22, 2008.

<sup>(2)</sup> Disposition of the load variation is one of the issues to be considered by the Public Utilities Board in a pending hearing. This may impact the balances owing to customers in the current plan.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Net Hydraulic Production Variation**  
**December 31, 2009**

	<b>A</b> Cost of Service Net Hydraulic Production (kWh)	<b>B</b> Actual Net Hydraulic Production <sup>(3)</sup> (kWh)	<b>C</b> Monthly Net Hydraulic Production Variance (kWh) <b>(A - B)</b>	<b>D</b> Cost of Service No. 6 Fuel Cost (\$/Can/bbl.)	<b>E</b> Net Hydraulic Production Variation (\$) <b>(C / O<sup>1</sup> x D)</b>	<b>F</b> Financing Charges (\$)	<b>G</b> Cumulative Variation and Financing Charges (\$) <b>(E + F)</b> <b>(to page 12)</b>
Opening balance							(30,902,837)
January	427,100,000	511,622,865	(84,522,865)	54.17	(7,267,625)	(187,503)	(38,357,965)
February	388,680,000	444,266,356	(55,586,356)	54.73	(4,828,954)	(232,737)	(43,419,656)
March	415,080,000	466,091,401	(51,011,401)	55.46	(4,490,623)	(263,449)	(48,173,728)
April	355,520,000	337,983,715	17,536,285	55.46	1,543,750	(292,294)	(46,922,272)
May	324,240,000	332,602,567	(8,362,567)	55.46	(736,171)	(284,701)	(47,943,144)
June	328,500,000	324,109,389	4,390,611	54.49	379,753	(290,895)	(47,854,286)
July	386,790,000	330,916,410	55,873,590	54.49	4,832,622	(290,356)	(43,312,020)
August	379,140,000	320,246,634	58,893,366	54.49	5,093,809	(262,796)	(38,481,007)
September	363,560,000	312,369,147	51,190,853	54.49	4,427,603	(233,484)	(34,286,888)
October	340,510,000	393,718,444	(53,208,444)	54.56	(4,608,020)	(208,036)	(39,102,944)
November	364,390,000	384,679,928	(20,289,928)	54.56	(1,757,172)	(237,257)	(41,097,373)
December	398,560,000	447,636,721	(49,076,721)	58.98	(4,594,516)	(249,358)	(45,941,247)
	<u>4,472,070,000</u>	<u>4,606,243,577</u>	<u>(134,173,577)</u>		<u>(12,005,544)</u>	<u>(3,032,866)</u>	<u>(45,941,247)</u>
Hydraulic Allocation <sup>2</sup>					<u>10,727,095</u>	<u>3,032,866</u>	<u>13,759,961</u>
Hydraulic variation at year end					<u>(1,278,449)</u>	<u>-</u>	<u>(32,181,286)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers.

	<b>(from page 6)</b>			<b>(to pages 11 &amp; 12)</b>	
	12 month kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	5,111,194,217	86.5%	11,897,543	861,378	12,758,921
Industrial	384,777,985	6.5%	895,664		895,664
Rural	415,318,157	7.0%	966,754	(966,754)	-
Total	<u>5,911,290,359</u>	<u>100.0%</u>	<u>13,759,961</u>	<u>(105,376)</u>	<u>13,654,585</u>
Labrador Inteconnected (write-off to income)				<u>105,376</u>	<u>105,376</u>
				<u>-</u>	<u>13,759,961</u>

(3) Restated February to August to include the impact of hydraulic production for storing surplus generation energy in Hydro's reservoirs.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

## Newfoundland and Labrador Hydro

## Rate Stabilization Plan

## No. 6 Fuel Variation

December 31, 2009

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (\$Can/bbl.)	Actual Average No. 6 Fuel Cost (\$Can/bbl.)	Cost Variance (\$Can/bbl.) (E - D)	No.6 Fuel Variation (\$) (C X F) (to page 6)
January	310,422	690	309,732	54.17	52.20	(1.97)	(610,172)
February	256,185	2,424	253,761	54.73	47.68	(7.05)	(1,789,015)
March	238,388	1,139	237,249	55.46	47.70	(7.76)	(1,841,052)
April	163,842	0	163,842	55.46	46.57	(8.89)	(1,456,555)
May	59,632	0	59,632	55.46	46.46	(9.00)	(536,691)
June	23,342	0	23,342	54.49	46.29	(8.20)	(191,404)
July	0	0	0	54.49	46.29	(8.20)	0
August	0	2	(2)	54.49	46.29	(8.20)	16
September	799	8	791	54.49	46.29	(8.20)	(6,489)
October	75,309	0	75,309	54.56	46.24	(8.32)	(626,570)
November	165,711	0	165,711	54.56	57.71	3.15	521,990
December	241,076	10	241,066	58.98	67.33	8.35	2,012,901
	<u>1,534,707</u>	<u>4,273</u>	<u>1,530,434</u>	55.47	52.51	(2.96)	<u>(4,523,041)</u>

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Allocation of Fuel Variance – Year-to-Date**  
**December 31, 2009**

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers <sup>(1)</sup>	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
				(A+B+C)	(A/D X H)	(B/D X H)	(C/D X H)		(G X 89.10%)	(G X 10.90%)
					(to page 7)			(from page 5)	(to page 7)	
January	5,005,151,512	689,749,882	414,470,780	6,109,372,174	(499,888)	(68,889)	(41,395)	(610,172)	(36,883)	(4,512)
February	5,010,856,454	680,296,222	412,537,210	6,103,689,886	(1,969,625)	(267,405)	(162,157)	(2,399,187)	(144,482)	(17,675)
March	5,003,195,483	666,365,030	412,541,893	6,082,102,406	(3,488,061)	(464,567)	(287,611)	(4,240,239)	(256,261)	(31,350)
April	4,989,239,677	625,317,933	413,558,514	6,028,116,124	(4,715,017)	(590,949)	(390,828)	(5,696,794)	(348,228)	(42,600)
May	4,968,395,779	587,975,854	413,195,928	5,969,567,561	(5,188,051)	(613,971)	(431,463)	(6,233,485)	(384,434)	(47,029)
June	4,973,908,918	562,003,055	409,782,881	5,945,694,854	(5,374,782)	(607,298)	(442,809)	(6,424,889)	(394,543)	(48,266)
July	4,987,839,609	535,491,993	408,086,623	5,931,418,225	(5,402,808)	(580,043)	(442,038)	(6,424,889)	(393,856)	(48,182)
August	4,989,721,971	512,632,364	407,951,793	5,910,306,128	(5,424,140)	(557,263)	(443,470)	(6,424,873)	(395,132)	(48,338)
September	4,999,960,523	488,905,941	408,071,177	5,896,937,641	(5,453,094)	(533,214)	(445,054)	(6,431,362)	(396,543)	(48,511)
October	5,041,831,300	457,254,549	412,332,579	5,911,418,428	(6,019,689)	(545,939)	(492,304)	(7,057,932)	(438,643)	(53,661)
November	5,077,674,472	415,239,050	415,532,992	5,908,446,514	(5,616,939)	(459,339)	(459,664)	(6,535,942)	(409,561)	(50,103)
December	5,111,194,217	384,777,985	415,318,157	5,911,290,359	(3,910,845)	(294,414)	(317,782)	(4,523,041)	(283,144)	(34,638)

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Allocation of Fuel Variance – Monthly  
December 31, 2009**

	A	B	C	D	E	F	G
	<b>Utility</b>					<b>Industrial</b>	
	<b>Fuel Variance</b>		<b>Rural Allocation</b>		<b>Total Fuel Variance</b>	<b>Fuel Variance</b>	
	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Year-to-Date</b>	<b>Current Month</b>	<b>Activity for</b>	<b>Year-to-Date</b>	<b>Current Month</b>
	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>	<b>the month</b>	<b>Activity</b>	<b>Activity <sup>(1)</sup></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>(from page 6)</b>		<b>(from page 6)</b>		<b>(B + D)</b>	<b>(from page 6)</b>	<b>(to page 11)</b>
January	(499,888)	(499,888)	(36,883)	(36,883)	(536,771)	(68,889)	(68,889)
February	(1,969,625)	(1,469,737)	(144,482)	(107,599)	(1,577,336)	(267,405)	(198,516)
March	(3,488,061)	(1,518,436)	(256,261)	(111,779)	(1,630,215)	(464,567)	(197,162)
April	(4,715,017)	(1,226,956)	(348,228)	(91,967)	(1,318,923)	(590,949)	(126,382)
May	(5,188,051)	(473,034)	(384,434)	(36,206)	(509,240)	(613,971)	(23,022)
June	(5,374,782)	(186,731)	(394,543)	(10,109)	(196,840)	(607,298)	6,673
July	(5,402,808)	(28,026)	(393,856)	687	(27,339)	(580,043)	27,255
August	(5,424,140)	(21,332)	(395,132)	(1,276)	(22,608)	(557,263)	22,780
September	(5,453,094)	(28,954)	(396,543)	(1,411)	(30,365)	(533,214)	24,049
October	(6,019,689)	(566,595)	(438,643)	(42,100)	(608,695)	(545,939)	(12,725)
November	(5,616,939)	402,750	(409,561)	29,082	431,832	(459,339)	86,600
December	(3,910,845)	1,706,094	(283,144)	126,417	1,832,511	(294,414)	164,925
		<u>(3,910,845)</u>		<u>(283,144)</u>	<u>(4,193,989)</u>		<u>(294,414)</u>

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan**  
**Load Variance – Utility**  
**December 31, 2009**

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	(\$/Can/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)
			(B - A)			$C \times \{(D/O^1) - E\}$				(G - H) x I	(F + J)
											(to page 10)
January	574,800,000	636,159,821	61,359,821	54.17	0.08805	(126,762)	0	0	0.00841	0	(126,762)
February	518,600,000	540,373,649	21,773,649	54.73	0.08805	(25,627)	0	2,401	0.00841	(20)	(25,647)
March	524,700,000	552,059,084	27,359,084	55.46	0.08805	(499)	0	2,383	0.00841	(20)	(519)
April	429,200,000	421,770,620	(7,429,380)	55.46	0.08805	136	0	22,241	0.00841	(187)	(51)
May	358,700,000	347,556,066	(11,143,934)	55.46	0.08805	203	0	2,354,683	0.00841	(19,803)	(19,600)
June	298,400,000	299,536,918	1,136,918	54.49	0.08805	(1,771)	0	4,775,793	0.00841	(40,164)	(41,935)
July	293,400,000	290,190,644	(3,209,356)	54.49	0.08805	5,000	0	775,745	0.00841	(6,524)	(1,524)
August	287,000,000	284,106,434	(2,893,566)	54.49	0.08805	4,508	0	(775,745)	0.00841	6,524	11,032
September	297,700,000	297,053,287	(646,713)	54.49	0.08805	1,008	0	0	0.00841	0	1,008
October	360,200,000	414,950,459	54,750,459	54.56	0.08805	(79,214)	0	0	0.00841	0	(79,214)
November	439,300,000	450,251,261	10,951,261	54.56	0.08805	(15,845)	0	0	0.00841	0	(15,845)
December	543,800,000	570,028,473	26,228,473	58.98	0.08805	146,068	0	0	0.00841	0	146,068
	<u>4,925,800,000</u>	<u>5,104,036,716</u>	<u>178,236,716</u>			<u>(92,795)</u>	<u>0</u>	<u>7,157,501</u>		<u>(60,194)</u>	<u>(152,989)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Load Variance – Industrial  
December 31, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation
	(kWh)	(kWh)	(kWh)	(\$)	(\$/kWh)	(\$)
			<b>(B - A)</b>			<b>C x {(D/O<sup>1</sup>) - E}</b> <b>(to page 11)</b>
January	78,300,000	50,646,871	(27,653,129)	54.17	0.03676	(1,361,201)
February	70,900,000	42,933,788	(27,966,212)	54.73	0.03676	(1,401,471)
March	76,600,000	41,308,959	(35,291,041)	55.46	0.03676	(1,809,433)
April	75,600,000	18,325,451	(57,274,549)	55.46	0.03676	(2,936,566)
May	69,500,000	19,887,268	(49,612,732)	55.46	0.03676	(2,543,731)
June	73,800,000	30,031,606	(43,768,394)	54.49	0.03676	(2,176,693)
July	77,500,000	31,153,413	(46,346,587)	54.49	0.03676	(2,304,911)
August	77,900,000	33,368,778	(44,531,222)	54.49	0.03676	(2,214,630)
September	73,000,000	30,796,894	(42,203,106)	54.49	0.03676	(2,098,848)
October	74,400,000	30,120,796	(44,279,204)	54.56	0.03676	(2,207,016)
November	74,100,000	26,879,620	(47,220,380)	54.56	0.03676	(2,353,614)
December	72,700,000	29,324,541	(43,375,459)	58.98	0.03676	(2,466,287)
	<u>894,300,000</u>	<u>384,777,985</u>	<u>(509,522,015)</u>			<u>(25,874,401)</u>

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Summary of Utility Customer  
December 31, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
	Load	Allocation	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Rural Rate Alteration <sup>(1)</sup>	Monthly Variances	Charges	Adjustment <sup>(2)</sup>	Net Balance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(from page 8)	(from page 7)		(A + B + C)			(to page 12)
Opening Balance							(10,329,890)
January	(126,762)	(536,771)	(260,611)	(924,144)	(62,677)	(4,783,922)	(16,100,633)
February	(25,647)	(1,577,336)	(319,568)	(1,922,551)	(97,691)	(4,063,628)	(22,184,503)
March	(519)	(1,630,215)	(207,444)	(1,838,178)	(134,604)	(4,151,502)	(28,308,787)
April	(51)	(1,318,923)	(192,147)	(1,511,121)	(171,764)	(3,171,882)	(33,163,554)
May	(19,600)	(509,240)	(160,450)	(689,290)	(201,220)	(2,631,329)	(36,685,393)
June	(41,935)	(196,840)	(142,567)	(381,342)	(222,589)	(2,288,432)	(39,577,756)
July	(1,524)	(27,339)	(73,949)	(102,812)	(240,138)	(128,025)	(40,048,731)
August	11,032	(22,608)	57,023	45,447	(242,996)	(124,666)	(40,370,946)
September	1,008	(30,365)	67,908	38,551	(244,951)	(130,703)	(40,708,049)
October	(79,214)	(608,695)	71,071	(616,838)	(246,996)	(182,578)	(41,754,461)
November	(15,845)	431,832	75,668	491,655	(253,345)	(198,111)	(41,714,262)
December	146,068	1,832,511	58,501	2,037,080	(253,101)	(250,813)	(40,181,096)
Year to date	(152,989)	(4,193,989)	(1,026,565)	(5,373,543)	(2,372,072)	(22,105,591)	(29,851,206)
Hydraulic allocation (from page 4)							(12,758,921)
Total	(152,989)	(4,193,989)	(1,026,565)	(5,373,543)	(2,372,072)	(22,105,591)	(52,940,017)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for Utility is 0.752 cents per kwh effective July 1, 2008 to June 30, 2009 and 0.044 cents per kwh effective July 1, 2009.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

**Newfoundland and Labrador Hydro  
Rate Stabilization Plan  
Summary of Industrial Customers  
December 31, 2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
	Load	Allocation	Subtotal	Financing		Cumulative
	Variation	Fuel Variance	Monthly	Charges	Adjustment <sup>(1)</sup>	Net
	(\$)	(\$)	Variances	(\$)	(\$)	Balance
			(A + B)			
	(from page 9)	(from page 7)				(to page 12)
Opening Balance						(11,994,442)
January	(1,361,201)	(68,889)	(1,430,090)	(72,776)	466,209	(13,031,099)
February	(1,401,471)	(198,516)	(1,599,987)	(79,066)	398,964	(14,311,188)
March	(1,809,433)	(197,162)	(2,006,595)	(86,833)	388,867	(16,015,749)
April	(2,936,566)	(126,382)	(3,062,948)	(97,176)	208,165	(18,967,708)
May	(2,543,731)	(23,022)	(2,566,753)	(115,087)	222,774	(21,426,774)
June	(2,176,693)	6,673	(2,170,020)	(130,007)	296,273	(23,430,528)
July	(2,304,911)	27,255	(2,277,656)	(142,165)	309,768	(25,540,581)
August	(2,214,630)	22,780	(2,191,850)	(154,967)	327,668	(27,559,730)
September	(2,098,848)	24,049	(2,074,799)	(167,219)	301,775	(29,499,973)
October	(2,207,016)	(12,725)	(2,219,741)	(178,991)	303,811	(31,594,894)
November	(2,353,614)	86,600	(2,267,014)	(191,702)	279,156	(33,774,454)
December	(2,466,287)	164,925	(2,301,362)	(204,927)	301,759	(35,978,984)
Year to date	(25,874,401)	(294,414)	(26,168,815)	(1,620,916)	3,805,189	(23,984,542)
Hydraulic allocation						(895,664)
(from page 4)						
Total	(25,874,401)	(294,414)	(26,168,815)	(1,620,916)	3,805,189	(36,874,648)

(1) The RSP adjustment rate for Industrial Customers excluding Teck Resources is 0.785 cents per kWh effective January 1, 2008. The rate for Teck Cominco is 2.000 cents per kWh.

## 2013 RSP Application RSP Components to be charged to Industrial Customers

## Newfoundland and Labrador Hydro

## Rate Stabilization Plan

## Overall Summary

December 31, 2009

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Hydraulic	Utility	Industrial	Total
	Balance	Balance	Balance	To Date
	(\$)	(\$)	(\$)	(\$)
	(from page 4)	(from page 10)	(from page 11)	(A + B + C)
December 2008	(30,902,837)	(10,329,890)	(11,994,442)	(53,227,169)
January	(38,357,965)	(16,100,633)	(13,031,099)	(67,489,697)
February	(43,419,656)	(22,184,503)	(14,311,188)	(79,915,347)
March	(48,173,728)	(28,308,787)	(16,015,749)	(92,498,264)
April	(46,922,272)	(33,163,554)	(18,967,708)	(99,053,534)
May	(47,943,144)	(36,685,393)	(21,426,774)	(106,055,311)
June	(47,854,286)	(39,577,756)	(23,430,528)	(110,862,570)
July	(43,312,020)	(40,048,731)	(25,540,581)	(108,901,332)
August	(38,481,007)	(40,370,946)	(27,559,730)	(106,411,683)
September	(34,286,888)	(40,708,049)	(29,499,973)	(104,494,910)
October	(39,102,944)	(41,754,461)	(31,594,894)	(112,452,299)
November	(41,097,373)	(41,714,262)	(33,774,454)	(116,586,089)
December	(32,181,286)	(52,940,017)	(36,874,648)	(121,995,951)

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide a list of each of the RSP adjustment rates (current and historic) in  
2 place for each of the years from 2004 to 2009, indicating separately the rates that  
3 were applied to Newfoundland Power, rural retail customers, and each of the  
4 Industrial Customers. Also, please explain and show how each of the rates was  
5 determined and provide the calculation of these rates.

6

7

8 A. Please see attached for Newfoundland Power and the Industrial Customers' RSP  
9 adjustment rates. As Newfoundland Power designs the retail rates resulting from  
10 applications of its RSA amounts, which include the RSP, Hydro is unable to provide  
11 retail rate calculations.

**IC-NLH-22, Attachment 1, Page 521 of 541**  
**2013 RSP Application**

PUB-NLH-37  
RSP Components to be charged to Industrial Customers  
Page 2 of 2

**RSP Adjustment Rates**  
**January 1, 2004 to December 31, 2009**  
**Cents per kWh**

Newfoundland				Industrial Customers (Excluding Teck Cominco Limited)				Teck Cominco Limited		
Effective Date	Plan	Power	Reference (Page # of Attachment)	Effective Date	Plan	Power	Reference (Page # of Attachment)	Effective Date	Current / Historic	Power
July 1, 2004	Current	0.092	1 and 2 of 16	January 1, 2004	Current <sup>(3)</sup>	0.000	12 of 16	January 20, 2006 <sup>(5)</sup>	Current <sup>(6)</sup>	0.531
	Historic	<u>0.593</u>			Historic	<u>0.787</u>				
	Net Rate	<u>0.685</u>			Net Rate	<u>0.787</u>		October 1, 2006 <sup>(5)</sup>	Current <sup>(7)</sup>	0.295
July 1, 2005	Current	0.636	3 and 4 of 16	January 1, 2005	Current	0.466	13 of 16	January 1, 2007	Current <sup>(4)</sup>	(2.000)
	Historic	<u>0.509</u>			Historic	<u>0.751</u>				
	Net Rate	<u>1.145</u>			Net Rate	<u>1.217</u>		January 1, 2008 <sup>(2)</sup>	Current <sup>(4)</sup>	(2.000)
July 1, 2006	Current	0.909	5 and 6 of 16	January 1, 2006	Current	0.531	14 of 16	July 1, 2008 <sup>(2)</sup>	Current <sup>(4)</sup>	(2.000)
	Historic	<u>0.707</u>			Historic	<u>1.014</u>				
	Net Rate	<u>1.616</u>			Net Rate	<u>1.545</u>		January 1, 2009 <sup>(2)</sup>	Current <sup>(4)</sup>	(2.000)
January 1, 2007	Current	(0.029)	7 of 16	October 1, 2006	Current	0.295	15 of 16			
	Historic <sup>(1)</sup>	0.707			Historic	<u>0.928</u>				
	Historic (Adj)	<u>(0.253)</u>			Net Rate	<u>1.223</u>				
	Net Rate	<u>0.425</u>								
July 1, 2007	Current	(0.348)	8 and 9 of 16	January 1, 2007	Current	(2.000)	16 of 16			
	Historic	<u>0.519</u>			Historic	<u>1.215</u>				
	Net Rate	<u>0.171</u>			Net Rate	<u>(0.785)</u>				
July 1, 2008	Current	0.752	10 of 16	January 1, 2008 <sup>(2)</sup>	Current <sup>(4)</sup>	(0.785)				
July 1, 2009	Current	0.044	11 of 16	July 1, 2008 <sup>(2)</sup>	Current <sup>(4)</sup>	(0.785)				
				January 1, 2009 <sup>(2)</sup>	Current <sup>(4)</sup>	(0.785)				

<sup>(1)</sup> See NP rate calculation of July 1, 2006

<sup>(2)</sup> Interim Rates

<sup>(3)</sup> 2004 is a Test Year therefore no amount from the Current Plan is allocated.

<sup>(4)</sup> See IC rate calculation of January 1, 2007

<sup>(5)</sup> Per P.U. 1 (2007)

<sup>(6)</sup> See IC rate calculation of January 1, 2006

<sup>(7)</sup> See IC rate calculation of October 1, 2006

## 2013 RSP Application

PUB-NLH-37 Attachment, Page 1 of 16

RSP Components to be charged to Industrial Customers

## SCHEDULE A

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN FUEL PRICE PROJECTION  
Utility Customer

Page 1 of 2

April, 2004

## Line

No	Customer Allocation	Amount	Comments
1	March Fuel Price Projection	\$ 30.35	From Page 2
2	2002 Test Year Fuel Forecast Price	\$ 25.90	
3	Forecast Fuel Price Variance	\$ 4.45	Line 1 - Line 2
4	2002 Test Year No. 6 Barrels Consumed	3,173,825	
5	Forecast Fuel Variance	\$ 14,123,521	Line 3 x Line 4
6	Utility Customer Allocation Ratio for March	78.31%	From Line 8
7	Utility Customer Allocation March	\$ 11,059,888	Line 5 x Line 6

	kWh	Percent of Total	Allocation of Rural	Total
8 12 months to date (Apr 2003-Mar 2004) Utility Sales	4,598,491,657	72.90%	5.41%	78.31%
9 12 months to date (Apr 2003 - Mar 2004) Industrial Customer Sales	1,317,504,074	20.89%	0.00%	20.89%
10 12 months to date (Apr 2003 - Mar 2004) Bulk Rural Energy	392,015,050	6.21%	-6.21%	0.00%
11 Total	6,308,010,781			

## Calculation of Utility Customer RSP Rate

	Amount	Comments
<u>Fuel Rider</u>		
12 Utility Allocation March	\$ 11,059,888	From Line 7
13 12 months to date Utility Sales (kWh)	4,598,491,657	From Line 8
14 Fuel Rider (mills per kWh)	2.41	Line 12/Line 13
15 <u>March Balance</u>	\$ 3,991,553	March RSP
16 Forecast Financing Costs	\$ 231,678	From Line 38
17 Forecast Recovery to July 1	\$ -	First year - no prior recovery in effect
18 Total to be recovered	\$ 4,223,231	
19 12 months to date (Apr 2003-Mar 2004) Utility Sales (kWh)	4,598,491,657	From Line 8
20 Balance Rate (mills per kWh)	0.92	Line 18/Line 19
21 RSP Adjustment Rate (mills per kWh)	3.33	Line 14 + Line 20

Utility Forecast Recovery  
2004 - 2005

2002 Test Year Weighted Average Cost of Capital per annum 7.157%  
Nominal Financing Rate 6.932%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
22 Balance Forward				\$ 3,991,553
23 April	413,418,989	\$ 23,059		4,014,612
24 May	337,759,847	23,192		4,037,804
25 June	275,773,920	23,326		4,061,131
26 July	265,063,563	23,461	\$ (243,858)	3,840,733
27 August	266,951,585	22,188	(245,595)	3,617,326
28 September	279,815,318	20,897	(257,430)	3,380,793
29 October	315,038,314	19,531	(289,835)	3,110,489
30 November	402,685,980	17,969	(370,471)	2,757,987
31 December	480,187,684	15,933	(441,773)	2,332,147
32 January	543,497,560	13,473	(500,018)	1,845,602
33 February	508,505,632	10,662	(467,825)	1,388,439
34 March	509,793,265	8,021	(469,010)	927,450
35 April	413,418,989	5,358	(380,345)	552,463
36 May	337,759,847	3,192	(310,739)	244,915
37 June	275,773,920	1,415	(253,712)	(7,382)
38 Total		\$ 231,678	\$ (4,230,612)	

<sup>(1)</sup> Sales kWh actual utility sales from April 2003 to March 2004.

## 2013 RSP Application

## RSP Components to be charged to Industrial Customers

## SCHEDULE B

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN DECEMBER 2003 PLAN RECOVERY  
Utility Customer

Page 1 of 1

April, 2004

Line No	Calculation of Utility Customer RSP Rate	Amount	Comments
	<u>December Balance</u>		
1	August 31, 2003 plan	\$ 70,207,711	December RSP, Page 18
2	September 2002 - December 2003 plan	\$ 44,581,935	December RSP, Page 16
3	Total December Balance	\$ 114,789,646	Line 1 + Line 2
4	Forecast Financing Costs to June 30	\$ 3,893,486	From Line 18
5	Forecast Recovery to July 1	\$ (8,527,603)	From Line 18
6	Total	\$ 110,155,529	Lines 3 to 5
7		divided by 4	
8	RSP to be recovered in 2004-2005	\$ 27,538,882	Line 4/Line 7
9	12 months to date (Jan - Dec 2003) Utility Sales (kWh)	4,641,718,792	December RSP, Page 14
10	RSP Adjustment Rate (mills per kWh)	5.93	Line 8/Line 9

Utility Forecast Recovery  
2004 - 2005

2002 Test Year Weighted Average Cost of Capital per annum 7.157%  
Nominal Financing Rate 6.932%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
11 Balance Forward				\$ 114,789,646
12 January	548,663,002	663,140	(1,777,668)	113,675,118
13 February	515,317,439	656,701	(1,669,629)	112,662,190
14 March	541,043,151	650,849	(1,752,980)	111,560,060
15 April	413,418,989	644,482	(1,339,478)	110,865,065
16 May	337,759,847	640,467	(1,094,342)	110,411,190
17 June	275,773,920	637,845	(893,508)	110,155,528
18 Total		\$ 3,893,486	\$ (8,527,603)	

<sup>(1)</sup> Sales kWh actual utility sales from January 2003 June 2003.

## 2013 RSP Application

PUB-NLH-37 Attachment, Page 3 of 16

RSP Components to be charged to Industrial Customers

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER  
Utility Customer

SCHEDULE A  
Page 1 of 2

April 2005

Line No	Customer Allocation	Amount	Comments		
1	March Fuel Price Projection	\$ 36.85	From Page 2		
2	2004 Test Year Fuel Forecast Price	\$ 27.65			
3	Forecast Fuel Price Variance	\$ 9.20	Line 1 - Line 2		
4	2004 Test Year No. 6 Barrels Consumed	2,826,365			
5	Forecast Fuel Variance	\$ 26,002,558	Line 3 x Line 4		
6	Utility Customer Allocation Ratio for March	77.59%	From Line 8		
7	Utility Customer Allocation	\$ 20,176,336	Line 5 x Line 6		
<b>Calculation of Customer Allocation</b>					
		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Apr 2004-Mar 2005) Utility Sales	4,716,235,662	72.27%	5.32%	77.59%
9	12 months to date (Apr 2004-Mar 2005) Industrial Customer Sales	1,417,722,384	21.72%	0.00%	21.72%
10	12 months to date (Apr 2004-Mar 2005) Bulk Rural Energy	392,104,308	6.01%	-6.01%	0.00%
11	Total	6,526,062,354			

<b>Calculation of Utility Customer RSP Rate</b>		Amount	Comments
<u>Rate Rider</u>			
12	Utility Allocation March	\$ 20,176,336	From Line 7
13	12 months to date Utility Sales (kWh)	4,716,235,662	From Line 8
14	Fuel Projection Rider (mills per kWh)	4.28	Line 12/Line 13
15	<u>March Balance</u>	\$ 4,551,044	March RSP
16	Forecast Financing Costs	\$ 232,158	From Line 38
17	Forecast Recovery to June 30	\$ (943,934)	Lines 23 to 25
18	Total to be recovered	\$ 3,839,268	
19	12 months to date (Apr 2003-Mar 2004) Utility Sales (kWh)	4,716,235,662	From Line 8
20	Balance Rate (mills per kWh)	0.81	Line 18/Line 19
21	RSP Adjustment Rate (mills per kWh)	5.09	Line 14 + Line 20

**Utility Forecast Recovery**  
2005 - 2006

2004 Test Year Weighted Average Cost of Capital per annum 7.568%  
Nominal Financing Rate 7.318%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
22 Balance Forward				\$ 4,551,044
23 April	383,988,925	\$ 27,754	(353,270)	4,225,528
24 May	338,121,418	25,769	(311,072)	3,940,225
25 June	303,904,615	24,029	(279,592)	3,684,661
26 July	284,942,138	22,470	\$ (230,803)	3,476,328
27 August	276,991,451	21,200	(224,363)	3,273,165
28 September	291,340,889	19,961	(235,986)	3,057,140
29 October	340,525,270	18,643	(275,825)	2,799,958
30 November	415,680,677	17,075	(336,701)	2,480,332
31 December	511,420,672	15,126	(414,251)	2,081,207
32 January	583,161,213	12,692	(472,361)	1,621,538
33 February	483,475,126	9,889	(391,615)	1,239,812
34 March	502,683,268	7,561	(407,173)	840,199
35 April	383,988,925	5,124	(311,031)	534,292
36 May	338,121,418	3,258	(273,878)	263,672
37 June	303,904,615	1,608	(246,163)	19,117
38 Total		\$ 232,158	\$ (4,764,085)	

<sup>(1)</sup> Sales kWh actual utility sales from April 2004 to March 2005.

## 2013 RSP Application

PUB-NLH-37 Attachment, Page 4 of 16

RSP Components to be charged to Industrial Customers

SCHEDULE B

Page 1 of 1

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN DECEMBER 2003 PLAN RECOVERY  
Utility Customer

April 2005

Line No	Calculation of Utility Customer RSP Rate	Amount	Comments
	<u>Historic Plan</u>		
1	December, 2004 balance	\$ 101,659,510	December RSP, Page 13
2	Forecast Financing Costs to June 30	\$ 3,507,454	From Line 16
3	Forecast Recovery to June 30	\$ (15,345,722)	From Line 16
4	Total	\$ 89,821,243	Lines 1 to 3
5		divided by 3	
6	RSP to be recovered in 2005 - 2006	\$ 29,940,414	Line 4/Line 5
7	12 months to date (Jan - Dec 2004) Utility Sales (kWh)	4,708,712,512	December RSP, Page 8
8	RSP Adjustment Rate (mills per kWh)	6.36	Line 6/Line 7

Utility Forecast Recovery  
2004 - 2005

2004 Test Year Weighted Average Cost of Capital per annum 7.568%  
Nominal Financing Rate 7.318%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
9 Balance Forward				\$ 101,659,510
10 January	543,497,560	619,954	(3,222,941)	99,056,523
11 February	508,505,632	604,080	(3,015,438)	96,645,165
12 March	509,793,265	589,374	(3,023,074)	94,211,465
13 April	383,988,925	574,533	(2,277,054)	92,508,944
14 May	338,121,418	564,150	(2,005,060)	91,068,034
15 June	303,904,615	555,363	(1,802,154)	89,821,243
16 Total		\$ 3,507,454	\$ (15,345,722)	

(1) Sales kWh actual utility sales from January to June 2004.

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER  
Utility Customer

SCHEDULE A (Revised June 7, 2006)  
Page 1 of 3

Line

No	Customer Allocation	Amount	Comments
1	March Fuel Price Projection	\$ 54.20	From Page 2
2	2004 Test Year Fuel Forecast Price	\$ 27.65	
3	Forecast Fuel Price Variance	\$ 26.55	Line 1 - Line 2
4	2004 Test Year No. 6 Barrels Consumed	2,004,332	From Line 47
5	Forecast Fuel Variance	\$ 53,215,015	Line 3 x Line 4
6	Utility Customer Allocation Ratio for March	81.66%	From Line 8
7	Utility Customer Allocation	\$ 43,452,926	Line 5 x Line 6

			Allocation of		
Calculation of Customer Allocation			Percent of	Rural	Total
		kWh	Total		
8	12 months to date (Apr 2005-Mar 2006) Utility Sales	4,634,244,237	76.19%	5.47%	81.66%
9	12 months to date (Apr 2005-Mar 2006) Industrial Customer Sales	1,073,087,429	17.64%	0.00%	17.64%
10	12 months to date (Apr 2005-Mar 2006) Bulk Rural Energy	375,292,759	6.17%	-6.17%	0.00%
11	Total	6,082,624,425			

	Amount	Comments
12	Utility Allocation March	\$ 43,452,926 From Line 7
13	12 months to date Utility Sales (kWh)	4,634,244,237 From Line 8
14	Fuel Projection Rider (mills per kWh)	9.38 Line 12/Line 13
15	March Balance	\$ (440,373) March RSP
16	Forecast Financing Costs	\$ (67,986) From Line 38
17	Forecast Recovery to June 30	\$ (835,297) Lines 23 to 25
18	Total to be recovered	\$ (1,343,657) Lines 15 to 17
19	12 months to date (Apr 2005-Mar 2006) Utility Sales	4,634,244,237 From Line 8
20	Balance Rate (mills per kWh)	(0.29) Line 18/Line 19
21	RSP Adjustment Rate (mills per kWh)	9.09 Line 14 + Line 20

Utility Forecast Recovery  
2006 - 2007

2004 Test Year Weighted Average Cost of Capital per annum		7.568%			
Nominal Financing Rate		7.318%			
		Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
22	Balance Forward				\$ (440,373)
23	April	401,156,268	\$ (2,686)	(324,937)	(767,995)
24	May	337,427,557	(4,683)	(273,316)	(1,045,995)
25	June	292,647,346	(6,379)	(237,044)	(1,289,418)
26	July	270,903,214	(7,863)	\$ 78,562	(1,218,720)
27	August	272,669,358	(7,432)	79,074	(1,147,078)
28	September	279,940,844	(6,995)	81,183	(1,072,890)
29	October	345,198,035	(6,543)	100,107	(979,326)
30	November	402,677,948	(5,972)	116,777	(868,521)
31	December	492,152,859	(5,297)	142,724	(731,094)
32	January	522,550,185	(4,458)	151,540	(584,012)
33	February	500,164,234	(3,562)	145,048	(442,526)
34	March	516,756,389	(2,699)	149,859	(295,366)
35	April	401,156,268	(1,801)	116,335	(180,832)
36	May	337,427,557	(1,103)	97,854	(84,080)
37	June	292,647,346	(513)	84,868	275
38	Total		\$ (67,986)	\$ 508,634	

<sup>(1)</sup> Sales kWh actual utility sales from April 2005 to March 2006.

2004 Test Year Barrels Adjusted for Reduction in Abitibi Consolidated Inc - Stephenville (ACI - SV) Load			
2004 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood			
40	2004 Test Year sales kWh - ACI SV	515,200,000	2,826,365
41	Less: ACI forecast sales kWh for 2006	(14,300,000)	
42	ACI SV reduced sales	500,900,000	
43	2004 Test Year Transmission Loss Percentage	3.39%	
44	ACI SV reduced kWh	517,880,510	Line 42 * (1+ Line 43)
Holyrood Operating Efficiency 2004 Test Year (kWh/bbl)	630		
45	Barrels Displaced at Holyrood due to ACI SV load reduction	822,033	Line 42/ Line 45
46	Adjusted 2004 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		(822,033)
47			2,004,332

SCHEDULE A (Revised June 7, 2006)

Page 3 of 3

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN DECEMBER 2003 PLAN RECOVERY  
Utility Customer

Line

No	Calculation of Utility Customer RSP Rate	Amount	Comments
	<u>Historic Plan</u>		
1	December, 2005 balance	\$ 79,780,518	December RSP, Page 13
2	Forecast Financing Costs to June 30	\$ 2,670,715	From Line 16
3	Forecast Recovery to June 30	\$ (16,539,503)	From Line 16
4	Total	\$ 65,911,731	Lines 1 to 3
5		divided by 2	
6	RSP to be recovered in 2006 - 2007	\$ 32,955,865	Line 4/Line 5
7	12 months to date (Jan - Dec 2005) Utility Sales (kWh)	4,664,093,036	December RSP, Page 8
8	RSP Adjustment Rate (mills per kWh)	7.07	Line 6/Line 7

Utility Forecast Recovery  
2005 - 2006

2004 Test Year Weighted Average Cost of Capital per annum	7.568%
Nominal Financing Rate	7.318%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
9 Balance Forward				\$ 79,780,518
10 January	583,161,213	486,528	(3,708,905)	76,558,141
11 February	483,475,126	466,877	(3,074,902)	73,950,117
12 March	502,683,268	450,972	(3,197,066)	71,204,023
13 April	401,156,268	434,226	(2,551,354)	69,086,895
14 May	337,427,557	421,315	(2,146,039)	67,362,171
15 June	292,647,346	410,797	(1,861,237)	65,911,731
16 Total		\$ 2,670,715	\$ (16,539,503)	

<sup>(1)</sup> Sales kWh actual utility sales from January to June 2005.

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN HYDRAULIC VARIATION ADJUSTMENT PLAN RECOVERY  
Utility Customer

Page 1 of 1

December, 2006

## Line

No	Calculation of Utility Customer RSP Rate	Amount	Comments
	<u>December Balance</u>		
1	NP December 2006 Hydraulic Variation Allocation	\$ (17,759,489)	December RSP
2	Remaining Historic Plan Recovery Months	\$ 18	
3	Forecast Recovery to July 1	\$ (986,638)	Line 1/Line 2
4	Annual Adjustment	\$ (11,839,659)	Line 3*12
5	12 months to date (Jan - Dec) Utility Sales (kWh)	4,680,392,181	December RSP, Page 8
6	Reduction in RSP Adjustment Rate (mills per kWh)	(2.53)	Line 4/Line 5 * 1000

## December 31, 2006 NP RSP Rates

RSP: Historical (Eff. Jul 1 - Annl Impact)	7.07
RSP: Current (Eff. Jul 1 - Annl Impact)	(0.29)
Fuel Rider	9.38
RSP and Fuel Rider	16.16
Less:	
Fuel Rider	(9.38)
Reduction in RSP Adjustment Rate (mills per kWh)	(2.53)
Revised Rate	4.25

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER  
Utility Customer

## Line

No	Customer Allocation	Amount	Comments			
1	March Fuel Price Projection	\$ 56.60	From Page 2			
2	2007 Test Year Fuel Forecast Price	\$ 55.40				
3	Forecast Fuel Price Variance	\$ 1.20	Line 1 - Line 2			
4	2007 Test Year No. 6 Barrels Consumed	2,467,396				
5	Forecast Fuel Variance	\$ 2,960,875	Line 3 x Line 4			
6	Utility Customer Allocation Ratio for March	86.11%	From Line 8			
7	Utility Customer Allocation	\$ 2,549,751	Line 5 x Line 6			

Calculation of Customer Allocation		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Apr 2006-Mar 2007) Utility Sales	4,715,725,889	80.35%	5.76%	86.11%
9	12 months to date (Apr 2006-Mar 2007) Industrial Customer Sales	773,537,749	13.18%	0.00%	13.18%
10	12 months to date (Apr 2006-Mar 2007) Bulk Rural Energy	379,723,680	6.47%	-6.47%	0.00%
11	Total	5,868,987,318			

## Calculation of Customer Allocation

8	12 months to date (Apr 2006-Mar 2007) Utility Sales	4,715,725,889	80.35%	5.76%	86.11%
9	12 months to date (Apr 2006-Mar 2007) Industrial Customer Sales	773,537,749	13.18%	0.00%	13.18%
10	12 months to date (Apr 2006-Mar 2007) Bulk Rural Energy	379,723,680	6.47%	-6.47%	0.00%
11	Total	5,868,987,318			

## Calculation of Utility Customer RSP Rate

## Rate Rider

	Amount	Comments
12	Utility Allocation March	\$ 2,549,751 From Line 7
13	12 months to date Utility Sales (kWh)	4,715,725,889 From Line 8
14	Fuel Projection Rider (mills per kWh)	0.54 Line 12/Line 13

## 15 March Balance

16	Forecast Financing Costs	\$ (1,091,028)	From Line 38
17	Forecast Recovery to June 30	\$ 287,430	Lines 23 to 25
18	Total to be recovered	\$ (18,957,679)	Lines 15 to 17
19	12 months to date (Apr 2006-Mar 2007) Utility Sales	4,715,725,889	From Line 8
20	Balance Rate (mills per kWh)	(4.02)	Line 18/Line 19
21	RSP Adjustment Rate (mills per kWh)	(3.48)	Line 14 + Line 20

Utility Forecast Recovery  
2007 - 2008

2007 Test Year Weighted Average Cost of Capital per annum	7.529%
Nominal Financing Rate	7.281%

		Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
					\$
22	Balance Forward				(18,154,082)
23	April	388,214,926	\$ (110,150)	\$ 112,582	(18,151,649)
24	May	325,889,889	(110,135)	94,508	(18,167,276)
25	June	277,034,400	(110,230)	80,340	(18,197,166)
26	July	271,237,857	(110,411)	1,090,376	(17,217,201)
27	August	267,156,711	(104,465)	1,073,970	(16,247,697)
28	September	273,987,590	(98,583)	1,101,430	(15,244,850)
29	October	345,174,564	(92,498)	1,387,602	(13,949,746)
30	November	392,706,746	(84,640)	1,578,681	(12,455,705)
31	December	535,990,821	(75,575)	2,154,683	(10,376,597)
32	January	567,549,352	(62,960)	2,281,548	(8,158,008)
33	February	537,913,994	(49,499)	2,162,414	(6,045,093)
34	March	532,869,039	(36,679)	2,142,134	(3,939,638)
35	April	388,214,926	(23,904)	1,560,624	(2,402,918)
36	May	325,889,889	(14,580)	1,310,077	(1,107,420)
37	June	277,034,400	(6,719)	1,113,678	(461)
38	Total		\$ (1,091,028)	\$ 19,244,648	

<sup>(1)</sup> Sales kWh actual utility sales from April 2006 to March 2007.

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN DECEMBER 2003 PLAN RECOVERY  
Utility Customer

April 2007

Line No	Calculation of Utility Customer RSP Rate	Amount	Comments
	<u>Historic Plan</u>		
1	December, 2006 balance	\$ 34,393,834	January RSP, Page 13
2	Forecast Financing Costs to June 30	\$ 1,069,396	From Line 16
3	Forecast Recovery to June 30	\$ (11,488,970)	From Line 16
4	Total	\$ 23,974,260	Lines 1 to 3
5		divided by 1	
6	RSP to be recovered in 2007 - 2008	\$ 23,974,260	Line 4/Line 5
7	12 months to date (Jan - Dec 2006) Utility Sales (kWh)	4,616,864,312	December RSP, Page 8
8	RSP Adjustment Rate (mills per kWh)	5.19	Line 6/Line 7

Utility Forecast Recovery  
2006 - 2007

2007 Test Year Weighted Average Cost of Capital per annum 7.529%  
Nominal Financing Rate 7.281%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
9 Balance Forward				\$ 34,393,834
10 January	522,550,185	208,685	(2,372,378)	32,230,141
11 February	500,164,234	195,556	(2,270,746)	30,154,951
12 March	516,756,389	182,965	(2,346,074)	27,991,842
13 April	388,214,926	169,841	(1,762,496)	26,399,187
14 May	325,889,889	160,177	(1,479,540)	25,079,824
15 June	277,034,400	152,172	(1,257,736)	23,974,260
16 Total		\$ 1,069,396	\$ (11,488,970)	

<sup>(1)</sup> Sales kWh actual utility sales from January to June 2006.

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER  
Utility Customer

Line

No	Customer Allocation	Amount	Comments
1	March Fuel Price Projection	\$ 71.45	From Page 2
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 16.05	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	From Line 47
5	Forecast Fuel Variance	\$ 34,412,163	Line 3 x Line 4
6	Utility Customer Allocation Ratio for March	89.21%	From Line 8
7	Utility Customer Allocation	\$ 30,697,487	Line 5 x Line 6

	kWh	Percent of Total	Allocation of Rural	Total
8 Calculation of Customer Allocation				
12 months to date (Apr 2007-Mar 2008) Utility Sales	5,037,540,915	83.20%	6.01%	89.21%
9 12 months to date (Apr 2007-Mar 2008) Industrial Customer Sales	725,101,494	10.06%	0.00%	10.06%
10 Less: Forecast reduction in CBPP load <sup>1</sup>	(115,700,000)			
11 Revised 12 months to date (Apr 2007-Mar 2008) Industrial Customer Sales	609,401,494			
12 12 months to date (Apr 2007-Mar 2008) Bulk Rural Energy	407,923,188	6.74%	-6.74%	0.00%
13 Total	6,054,865,597			

	Amount	Comments
14 Calculation of Utility Customer RSP Rate		
Rate Rider		
14 Utility Allocation March	\$ 30,697,487	From Line 7
15 12 months to date Utility Sales (kWh)	5,037,540,915	From Line 8
16 Fuel Projection Rider (mills per kWh)	6.09	Line 14/Line 15
17 March Balance	\$ 2,249,172	March RSP
18 Forecast Financing Costs	\$ 365,573	From Line 40
19 Forecast Recovery to June 30	\$ 4,598,258	Lines 25 to 27
20 Total to be recovered	\$ 7,213,003	Lines 17 to 19
21 12 months to date (Apr 2007-Mar 2008) Utility Sales	5,037,540,915	From Line 8
22 Balance Rate (mills per kWh)	1.43	Line 20/Line 21
23 RSP Adjustment Rate (mills per kWh)	7.52	Line 16 + Line 22

Utility Forecast Recovery  
2008 - 2009

2007 Test Year Weighted Average Cost of Capital per annum			7.529%		
Nominal Financing Rate			7.281%		
		Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
24	Balance Forward				\$ 2,249,172
25	April	451,710,468	\$ 13,647	\$ 1,815,876	4,078,695
26	May	381,600,871	24,747	1,534,036	5,637,478
27	June	310,533,933	34,205	1,248,346	6,920,029
28	July	284,654,277	41,987	(407,056)	6,554,961
29	August	264,188,089	39,772	(377,789)	6,216,944
30	September	285,410,267	37,721	(408,137)	5,846,529
31	October	370,759,495	35,474	(530,186)	5,351,817
32	November	422,561,980	32,472	(604,264)	4,780,025
33	December	580,966,828	29,003	(830,783)	3,978,245
34	January	590,761,161	24,138	(844,788)	3,157,595
35	February	534,671,108	19,159	(764,580)	2,412,174
36	March	559,722,438	14,636	(800,403)	1,626,407
37	April	451,710,468	9,868	(645,946)	990,329
38	May	381,600,871	6,009	(545,689)	450,649
39	June	310,533,933	2,734	(444,064)	9,319
40	Total		\$ 365,573	\$ (2,605,426)	

2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load		
41 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,467,396
42 Forecast reduction in CBPP load for 2008 <sup>2</sup>	197,500,000	
43 2007 Test Year Transmission Loss Percentage	3.14%	
44 CBPP reduced kWh	203,701,500	
45 Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630	
46 Barrels Displaced at Holyrood due to CBPP load reduction	323,336	(323,336)
47 Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		2,144,060

<sup>1</sup> Actual Industrial Customer sales have been adjusted to reflect a forecast reduction in CBPP load for the period of April through October.<sup>2</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 197,500,000 kWh in CBPP load for 2008.

## 2013 RSP Application

PUB-NLH-37 Attachment, Page 11 of 16

## RSP Components to be charged to Industrial Customers

SCHEDULE A  
Page 1 of 2NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER  
No. 6 0.7% Sulphur Fuel Price Projection  
Utility Customer

Line	No	Customer Allocation	Amount	Comments
	1	March Fuel Price Projection	\$ 75.95	From Page 2
	2	2007 Test Year Fuel Forecast Price	\$ 55.40	
	3	Forecast Fuel Price Variance	\$ 20.55	Line 1 - Line 2
	4	2007 Test Year No. 6 Barrels Consumed	1,878,188	From Line 51
	5	Forecast Fuel Variance	\$ 38,596,763	Line 3 x Line 4
	6	Utility Customer Allocation Ratio for March	89.60%	From Line 8
	7	Utility Customer Allocation	\$ 34,582,731	Line 5 x Line 6
		Calculation of Customer Allocation	kWh	Percent of Total
	8	12 months to date (Apr 2008-Mar 2009) Utility Sales	5,003,195,483	83.47%
	9	12 months to date (Apr 2008-Mar 2009) Industrial Customer Sales	666,365,030	9.65%
	10	Less: Forecast reduction in Abitibi Grand Falls load for 2009 <sup>1</sup>	(87,991,636)	0.00%
	11	Revised 12 months to date (Apr 2008-Mar 2009) Industrial Customer Sales	578,373,394	
	12	12 months to date (Apr 2008-Mar 2009) Bulk Rural Energy	412,541,893	6.88%
	13	Total	5,994,110,770	-6.88%
		Calculation of Utility Customer RSP Rate	Amount	Comments
	14	Utility Allocation March	\$ 34,582,731	From Line 7
	15	12 months to date Utility Sales (kWh)	5,003,195,483	From Line 8
	16	Fuel Projection Rider (mills per kWh)	6.91	Line 14/Line 15 x 1000
	17	March Balance	\$ (28,964,350)	March RSP
	18	Forecast Financing Costs	\$ (1,850,722)	From Line 40
	19	Forecast Recovery to June 30	\$ (1,580,583)	Lines 25 to 27
	20	Total to be recovered	\$ (32,395,655)	Lines 17 to 19
	21	12 months to date (Apr 2008-Mar 2009) Utility Sales	5,003,195,483	From Line 8
	22	Balance Rate (mills per kWh)	(6.47)	Line 20/Line 21 x 1000
	23	RSP Adjustment Rate (mills per kWh)	0.44	Line 16 + Line 22

Utility Forecast Recovery  
2009 - 2010

2007 Test Year Weighted Average Cost of Capital per annum	7.529%
Nominal Financing Rate	7.281%

	Sales kWh <sup>(1)</sup>	Financing Costs	Adjustment	Total To Date Balance
24	Balance Forward			\$ (28,964,350)
25	April	435,748,667	\$ (175,741)	\$ (29,763,212)
26	May	370,754,647	(180,588)	(30,473,979)
27	June	298,799,572	(184,901)	(31,086,163)
28	July	277,035,698	(188,615)	(29,482,358)
29	August	281,448,327	(178,884)	(27,840,271)
30	September	286,814,735	(168,921)	(26,153,501)
31	October	373,079,682	(158,686)	(23,898,362)
32	November	414,408,089	(145,003)	(21,362,145)
33	December	536,508,728	(129,615)	(18,020,548)
34	January	636,159,821	(109,340)	(14,013,934)
35	February	540,376,050	(85,030)	(10,602,730)
36	March	552,061,467	(64,332)	(7,095,224)
37	April	435,748,667	(43,050)	(4,318,981)
38	May	370,754,647	(26,205)	(1,946,404)
39	June	298,799,572	(11,810)	(24,980)
40	Total	\$ (1,850,722)	\$ 30,790,092	
2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) and Abitibi Consolidated (Grand Falls) Load				
41	2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood			2,467,396
	Less: Reduction in Test Year Barrels of No. 6 Fuel approved in Board Order No. P.U. 11 (2008) to reflect reduction in CBPP load.			(323,336)
42	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood			2,144,060
	Less: Reduction in Abitibi Consolidated (Grand Falls)			
44	Test Year load <sup>2</sup>		131,400,000	
	Less: Reduction in Abitibi Consolidated (Grand Falls)			
45	Test Year compensation <sup>2</sup>		31,000,000	
46	Subtotal: Load plus Compensation Reduction		162,400,000	
47	2007 Test Year Transmission Loss Percentage		3.14%	
48	Abitibi GF reduced kWh		167,499,360	
49	Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)		630	
50	Barrels Displaced at Holyrood due to Abitibi Consolidated (Grand Falls) load reduction		265,872	(265,872)
51	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood			1,878,188

<sup>1</sup> Actual Industrial Customer sales have been adjusted to reflect a forecast reduction in Abitibi Consolidated (Grand Falls) load.<sup>2</sup> Effective February 12, 2009, Abitibi Consolidated (Grand Falls) closed. Industrial load has been reduced by 131,400,000 kWhs based on Abitibi Consolidated (Grand Falls) 2007 Test Year load and 31,000,000 kWhs based on 2007 Test Year Compensation.

**Rate Stabilization Plan (RSP) Recovery Rate****January 1, 2004**

A. RSP Balance December 31, 2003 (Current Plan)	\$16,560,236
B. RSP Balance December 31, 2003 (Historic Plan)	24,354,531
C. Total (A + B)	<u>\$40,914,767</u>
D. Recovery During 2004	25.00%
E. Recovery Amount (C X D)	<u>\$10,228,692</u>
F. 2002 Energy Sales (kWh)	1,299,863,759
G. RSP Rate (Mills per kWh) (E ÷ F)	<u>7.87</u>

**NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN RECOVERY  
Industrial Customers**

Page 1 of 1

December, 2004

Line

No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Historic Plan Balance</u>		
1	December Balance	\$ 32,268,586	December RSP, Page 18
2		divided by 3	
3	RSP to be recovered in 2005	\$ 10,756,195	Line 1/Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,432,581,251	December RSP, Page 14
5	(mills per kWh)	7.51	Line 3/Line 4*1000
	<u>Current Plan</u>		
6	December Balance	\$ 3,724,537	December RSP, Page 18
7	Forecast Financing Costs to December 31, 2005	\$ 148,439	Line 28
8	Total	\$ 3,872,976	Line 6 plus Line 7
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,432,581,251	December RSP, Page 14
10	(mills per kWh)	2.70	Line 8/Line 9*1000
	Fuel Price Projection Rider		
11	Industrial Fuel Price Projection	\$ 2,803,189	October filing
12	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,432,581,251	December RSP, Page 14
13	(mills per kWh)	1.96	Line 11/Line 12*1000
14	Total Current Plan (mills per kWh)	4.66	Line 10 plus Line 13
15	Industrial RSP Adjustment Rate	12.17	Line 14 plus Line 12

**Industrial Customer Forecast Financing Charges  
2005**

2004 Test Year Weighted Average Cost of Capital per annum		7.568%		
Nominal Financing Rate		7.318%		
	2004 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
16	Balance Forward			3,724,537
17	January	121,188,142	22,713	(327,208)
18	February	117,207,973	20,857	(316,462)
19	March	120,010,694	19,054	(324,029)
20	April	118,144,376	17,194	(318,990)
21	May	124,220,474	15,354	(335,395)
22	June	116,706,163	13,402	(315,107)
23	July	126,827,516	11,562	(342,434)
24	August	125,594,840	9,544	(339,106)
25	September	117,594,831	7,534	(317,506)
26	October	117,432,558	5,644	(317,068)
27	November	117,307,502	3,745	(316,730)
28	December	110,346,182	1,836	(297,935)
29	Total	1,432,581,251	148,439	(3,867,969)

Schedule C  
Page 1 of 1NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN RECOVERY  
Industrial Customers

December, 2005

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
<u>Historic Plan Balance</u>			
1	December Balance	\$ 25,086,036	December RSP, Page 13
2	divided by	2	
3	RSP to be recovered in 2006	\$ 12,543,018	Line 1/Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,236,901,334	December RSP, Page 9
5	(mills per kWh)	10.14	Line 3/Line 4*1000
<u>Current Plan</u>			
6	December Balance	\$ (1,295,593)	December RSP, Page 11
7	Forecast Financing Costs to December 31, 2006	\$ (48,549)	Line 28
8	Total	\$ (1,344,142)	Line 6 plus Line 7
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,236,901,334	December RSP, Page 9
10	(mills per kWh)	(1.09)	Line 8/Line 9*1000
<u>Fuel Price Projection Rider</u>			
11	Industrial Fuel Price Projection	\$ 7,912,395	October filing
12	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	1,236,901,334	December RSP, Page 9
13	(mills per kWh)	6.40	Line 11/Line 12*1000
14	Total Current Plan (mills per kWh)	5.31	Line 10 plus Line 13
	Industrial RSP Adjustment Rate	15.45	Line 14 plus Line 5

Industrial Customer Forecast Financing Charges  
2006

2004 Test Year Weighted Average Cost of Capital per annum			7.568%		
Nominal Financing Rate			7.318%		
	2005	Financing	Total		
	Sales	Costs	To Date		
	kWh		Balance		
15	Balance Forward		(1,295,593)		
16	January	112,560,731	(7,901)	122,691	(1,180,803)
17	February	109,136,716	(7,201)	118,959	(1,069,045)
18	March	122,483,694	(6,519)	133,507	(942,057)
19	April	110,682,063	(5,745)	120,643	(827,159)
20	May	105,616,596	(5,044)	115,122	(717,081)
21	June	98,776,302	(4,373)	107,666	(613,788)
22	July	110,910,423	(3,743)	120,892	(496,638)
23	August	116,298,285	(3,029)	126,765	(372,902)
24	September	115,676,988	(2,274)	126,088	(249,088)
25	October	106,076,844	(1,519)	115,624	(134,983)
26	November	67,881,626	(823)	73,991	(61,815)
27	December	60,801,066	(377)	66,273	4,081
28	Total	1,236,901,334	(48,549)	1,348,222	

## 2013 RSP Application

RSP Components to be charged to Industrial Customers

Schedule A

Page 1 of 3

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**Rate Stabilization Plan Revised Recovery Rates For 2006**  
**Industrial Customers**

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	<u>Historic Plan Balance</u>		
1	December Balance	\$ 25,086,036	December 2005 RSP, Page 13
2	Less: Contribution by Government	\$ (10,000,000)	
3		\$ 15,086,036	
4		divided by 2	
5	RSP to be recovered in 2006	\$ 7,543,018	Line 3/Line 4
6	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	813,249,631	Page 2 of 3, Line 12
7	(mills per kWh)	9.28	Line 5/Line 6*1000
	<u>Current Plan</u>		
8	December Balance	\$ (1,295,593)	December 2005 RSP, Page 11
9	Forecast Financing Costs to December 31, 2006	\$ (24,476)	Line 31
10	Total	\$ (1,320,069)	Line 8 plus Line 9
11	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	813,249,631	Page 2 of 3, Line 12
12	(mills per kWh)	(1.62)	Line 10/Line 11*1000
	<u>Fuel Price Projection Rider</u>		
13	Industrial Fuel Price Projection	\$ 3,713,987	Page 2 of 3, Line 7
14	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	813,249,631	Page 2 of 3, Line 12
15	(mills per kWh)	4.57	Line 13/Line 14*1000
16	Total Current Plan (mills per kWh)	2.95	Line 12 plus Line 15
17	Industrial RSP Adjustment Rate	12.23	Line 16 plus Line 14

**Industrial Customer Forecast Financing Charges**  
**2006**

2004 Test Year Weighted Average Cost of Capital per annum		7.568%		
Nominal Financing Rate		7.318%		
	2005 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
18	Balance Forward			(1,295,593)
19	January	112,560,731	(7,901)	182,348
20	February	109,136,716	(6,837)	176,801
21	March	122,483,694	(5,801)	198,424
22	April	110,682,063	(4,626)	179,305
23	May	105,616,596	(3,561)	171,099
24	June	98,776,302	(2,539)	160,018
25	July	110,910,423	(1,579)	179,675
26	August	116,298,285	(493)	188,403
27	September	115,676,988	653	187,397
28	October	106,076,844	1,800	171,844
29	November	67,881,826	2,859	109,968
30	December	60,801,066	3,547	98,498
31	Total	1,236,901,334	(24,476)	2,003,780

Schedule C  
Page 1 of 1NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN RECOVERY  
Industrial Customers

December, 2006

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
<u>Historic Plan Balance</u>			
1	December Balance	\$ 9,100,931	December RSP, Page 13
2		divided by 1	
3	RSP to be recovered in 2007	\$ 9,100,931	Line 1/Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	749,100,463	December RSP, Page 9
5	(mills per kWh)	12.15	Line 3/Line 4*1000
<u>Current Plan</u>			
6	December Balance	\$ (14,406,474)	December RSP, Page 11
7	Forecast Financing Costs to December 31, 2007	\$ (573,733)	Line 28
8	Total	\$ (14,980,207)	Line 6 plus Line 7
9	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	749,100,463	December RSP, Page 9
10	(mills per kWh)	(20.00)	Line 8/Line 9*1000
<u>Fuel Price Projection Rider</u>			
11	Industrial Fuel Price Projection	\$ -	New Test Year Effective January 1, 2007
12	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	749,100,463	December RSP, Page 9
13	(mills per kWh)	-	Line 11/Line 12*1000
14	Total Current Plan (mills per kWh)	(20.00)	Line 10 plus Line 13
	Industrial RSP Adjustment Rate	(7.85)	Line 14 plus Line 12
<b>Industrial Customer Forecast Financing Charges</b>			
2007			
2007 Test Year Weighted Average Cost of Capital per annum		7.529%	
Nominal Financing Rate		7.281%	
	2006 Sales kWh	Financing Costs	Total To Date Balance
15	Balance Forward		(14,406,474)
16	January	64,027,045 (87,411)	1,280,541 (13,213,344)
17	February	57,471,584 (80,172)	1,149,432 (12,144,085)
18	March	58,868,607 (73,684)	1,177,372 (11,040,397)
19	April	61,595,150 (66,988)	1,231,903 (9,875,481)
20	May	63,144,084 (59,919)	1,262,882 (8,672,519)
21	June	69,080,821 (52,621)	1,381,616 (7,343,523)
22	July	70,793,099 (44,557)	1,415,862 (5,972,218)
23	August	64,683,578 (36,236)	1,293,672 (4,714,783)
24	September	58,761,792 (28,607)	1,175,236 (3,568,154)
25	October	59,127,662 (21,650)	1,182,553 (2,407,251)
26	November	61,082,092 (14,606)	1,221,642 (1,200,215)
27	December	60,464,949 (7,282)	1,209,299 1,802
28	Total	749,100,463 (573,733)	14,982,009

**RSP Components to be charged to Industrial Customers**

---

1 Q. Please provide a table showing the monthly amounts for each RSP component  
2 (hydraulic, fuel and load variation) that was collected/refunded each year during  
3 the period 2004 to 2009 through the adjustment rates, separating the amounts by  
4 Newfoundland Power, rural retail customers and each of the Industrial Customers.

5

6

7 A. The December RSP reports attached to the response to PUB-NLH-36 contain the  
8 amounts that were collected / refunded each year during the period 2004 to 2009  
9 through the adjustment rates. Pages 10 and 11 of each year's reports have the  
10 amounts from the Current Plan for Newfoundland Power and the Industrial  
11 Customers, respectively, in the "Adjustment" columns. Page 13 of each year's  
12 reports (2004 -2008) has the amounts from the Historic Plan for Newfoundland  
13 Power and the Industrial Customers in the "Recovery" columns. (Note: The 2009  
14 RSP Report has no Historic Plan due to the RSP balance being transferred to the  
15 Current Plan as of December 31, 2008.) Adjustment / recovery amounts are on  
16 Page 2 of 2 of this response for each Industrial Customer and Newfoundland Power.  
17 As the RSP rate is derived from the combination of previous balances, along with  
18 current plan activity, financing charges, adjustments and fuel rider amounts, Hydro  
19 is unable to separate the rate into the hydraulic, fuel and load variation  
20 components.

**IC-NLH-22, Attachment 1, Page 539 of 541**  
**2013 RSP Application**

PUB-NLH-38  
RSP Components to be charged to Industrial Customers  
Page 2 of 3

**RSP Collected / Refunded**  
**(\$000)**

Year: 2004

<u>Month</u>	<u>Industrial</u>						<u>Total Collected / Refunded</u>
	<u>Newfoundland</u>	<u>Abitibi Price Inc.</u>	<u>North Atlantic</u>	<u>Corner Brook</u>	<u>Abitibi Price Inc.</u>	<u>Total</u>	
	<u>Power</u>	<u>Grand Falls Division</u>	<u>Refining Limited</u>	<u>Pulp and Paper Limited</u>	<u>Stephenville Division</u>	<u>Industrial</u>	
January	1,761	86	174	323	371	954	2,715
February	1,648	98	160	303	362	922	2,570
March	1,652	100	134	327	383	944	2,596
April	1,244	80	170	316	363	930	2,174
May	1,096	102	170	331	376	978	2,073
June	985	97	167	341	313	918	1,903
July	1,952	97	173	355	373	998	2,950
August	1,897	92	172	351	373	988	2,886
September	1,996	92	168	327	339	925	2,921
October	2,333	86	138	325	376	924	3,257
November	2,847	88	155	337	343	923	3,771
December	3,503	87	171	337	273	868	4,372
<b>Total</b>	<b>22,913</b>	<b>1,104</b>	<b>1,953</b>	<b>3,973</b>	<b>4,244</b>	<b>11,274</b>	<b>34,187</b>

Year: 2005

<u>Month</u>	<u>Industrial</u>						<u>Total Collected / Refunded</u>
	<u>Newfoundland</u>	<u>Abitibi Price Inc.</u>	<u>North Atlantic</u>	<u>Corner Brook</u>	<u>Abitibi Price Inc.</u>	<u>Total</u>	
	<u>Power</u>	<u>Grand Falls Division</u>	<u>Refining Limited</u>	<u>Pulp and Paper Limited</u>	<u>Stephenville Division</u>	<u>Industrial</u>	
January	3,995	139	246	469	510	1,365	5,360
February	3,312	142	223	437	526	1,328	4,640
March	3,443	161	266	481	583	1,491	4,934
April	2,748	127	254	463	503	1,347	4,095
May	2,311	143	77	485	581	1,285	3,597
June	2,005	130	128	435	509	1,202	3,207
July	3,102	41	258	477	574	1,350	4,452
August	3,122	135	266	442	572	1,415	4,537
September	3,205	103	254	503	548	1,408	4,613
October	3,953	128	268	499	396	1,291	5,243
November	4,611	109	250	451	15	826	5,437
December	5,635	88	258	382	12	740	6,375
<b>Total</b>	<b>41,441</b>	<b>1,447</b>	<b>2,750</b>	<b>5,523</b>	<b>5,329</b>	<b>15,048</b>	<b>56,489</b>

Year: 2006

<u>Month</u>	<u>Industrial</u>							<u>Total Collected / Refunded</u>
	<u>Newfoundland</u>	<u>Abitibi Price Inc.</u>	<u>North Atlantic</u>	<u>Corner Brook</u>	<u>Abitibi Price Inc.</u>	<u>Teck Resources</u>	<u>Total</u>	
	<u>Power</u>	<u>Grand Falls Division</u>	<u>Refining Limited</u>	<u>Pulp and Paper Limited</u>	<u>Stephenville Division</u>	<u>Limited</u>	<u>Industrial</u>	
January	5,983	105	300	561	20	1	988	6,971
February	5,727	125	310	423	18	4	880	6,607
March	5,917	103	279	492	19	6	899	6,816
April	4,445	126	304	497	11	5	942	5,388
May	3,731	162	294	504	4	4	968	4,699
June	3,172	147	328	573	3	5	1,057	4,229
July	4,383	129	345	600	4	5	1,083	5,467
August	4,317	141	340	501	4	5	990	5,307
September	4,428	98	333	455	5	6	897	5,324
October	5,578	95	204	405	3	4	711	6,289
November	6,346	107	214	400	5	5	731	7,077
December	8,662	97	259	352	6	6	720	9,382
<b>Total</b>	<b>62,689</b>	<b>1,436</b>	<b>3,511</b>	<b>5,762</b>	<b>101</b>	<b>56</b>	<b>10,866</b>	<b>73,555</b>

**IC-NLH-22, Attachment 1, Page 540 of 541**  
**2013 RSP Application**

PUB-NLH-38  
RSP Components to be charged to Industrial Customers  
Page 3 of 3

**RSP Collected / Refunded**  
**(\$000)**

Year: 2007

Month	Industrial							Total Collected / Refunded
	Newfoundland	Abitibi Price Inc.		Corner Brook	Abitibi Price Inc.		Total	
	<u>Power</u>	<u>Division</u>	<u>Refining Limited</u>	<u>Limited</u>	<u>Division<sup>(1)</sup></u>	<u>Limited</u>	<u>Industrial</u>	
January	2,412	(75)	(177)	(225)	(5)	(65)	(547)	1,865
February	2,286	(82)	(154)	(235)	(5)	(78)	(555)	1,732
March	2,265	(95)	(173)	(286)	(4)	(92)	(649)	1,615
April	1,920	(49)	(169)	(285)	(3)	(81)	(587)	1,333
May	1,622	(76)	(173)	(334)	(2)	(89)	(674)	948
June	1,320	(44)	(166)	(295)	(2)	(81)	(589)	731
July	487	(21)	(168)	(334)	(1)	(88)	(612)	(126)
August	452	(75)	(171)	(292)	(2)	(86)	(625)	(173)
September	488	(61)	(138)	(214)	(0)	(85)	(498)	(10)
October	634	(38)	(114)	(195)	0	(96)	(443)	191
November	723	(31)	(130)	(166)	0	(92)	(419)	303
December	993	(63)	(175)	(147)	0	(94)	(480)	514
<b>Total</b>	<b>15,601</b>	<b>(711)</b>	<b>(1,909)</b>	<b>(3,007)</b>	<b>(25)</b>	<b>(1,027)</b>	<b>(6,679)</b>	<b>8,922</b>

<sup>(1)</sup> Abitibi Price Inc. Stephenville ceased operations during 2007.

Year: 2008

Month	Industrial							Total Collected / Refunded
	Newfoundland	Abitibi Price Inc.		Corner Brook	Teck Resources		Total	
	<u>Power</u>	<u>Division</u>	<u>Refining Limited</u>	<u>Limited</u>	<u>Limited</u>	<u>Industrial</u>		
January	1,010	(24)	(177)	(160)	(101)	(462)		548
February	914	(44)	(162)	(169)	(94)	(468)		446
March	957	(40)	(177)	(175)	(108)	(499)		458
April	745	(87)	(167)	(171)	(105)	(530)		215
May	634	(72)	(162)	(173)	(107)	(514)		120
June	511	(74)	(162)	(164)	(103)	(502)		9
July	2,083	(68)	(171)	(177)	(95)	(510)		1,573
August	2,116	(61)	(170)	(174)	(92)	(497)		1,619
September	2,157	(63)	(164)	(166)	(90)	(483)		1,674
October	2,806	(86)	(166)	(190)	(110)	(552)		2,254
November	3,116	(80)	(164)	(253)	(111)	(608)		2,508
December	4,035	(49)	(166)	(213)	(109)	(535)		3,499
<b>Total</b>	<b>21,085</b>	<b>(747)</b>	<b>(2,006)</b>	<b>(2,184)</b>	<b>(1,225)</b>	<b>(6,162)</b>		<b>14,923</b>

Year: 2009

Month	Industrial							Total Collected / Refunded
	Newfoundland	Abitibi Price Inc.		Corner Brook	Teck Resources		Total	
	<u>Power</u>	<u>Division</u>	<u>Refining Limited</u>	<u>Limited</u>	<u>Limited</u>	<u>Industrial</u>		
January	4,784	(31)	(169)	(153)	(113)	(466)		4,318
February	4,064	(20)	(151)	(127)	(102)	(399)		3,665
March	4,152	(1)	(163)	(119)	(106)	(389)		3,763
April	3,172	0	(44)	(58)	(106)	(208)		2,964
May	2,631	0	(68)	(45)	(110)	(223)		2,409
June	2,288	0	(165)	(31)	(100)	(296)		1,992
July	128	4	(166)	(41)	(107)	(310)		(182)
August	125	0	(173)	(47)	(108)	(328)		(203)
September	131	0	(166)	(37)	(99)	(302)		(171)
October	183	0	(162)	(31)	(111)	(304)		(121)
November	198	0	(139)	(28)	(112)	(279)		(81)
December	251	0	(159)	(25)	(118)	(302)		(51)
<b>Total</b>	<b>22,106</b>	<b>(47)</b>	<b>(1,724)</b>	<b>(743)</b>	<b>(1,292)</b>	<b>(3,805)</b>		<b>18,300</b>

1 Q. Some of the Plan Balances have been written off. Please specify the amount  
2 written off in each of the years from 2004 to 2009, and explain the reason for each  
3 write-off.  
4  
5

6 A. The amounts of Plan Balances from 2004 to 2009 that have been written off are  
7 those that have been allocated to the Labrador Interconnected area. Initial  
8 allocations to Rural Island Interconnected are re-allocated between Utility and  
9 Labrador Interconnected customers in the same proportion which the Rural Deficit  
10 gets allocated in the approved Cost of Service Study.  
11

12 Please refer to the response to PUB-NLH-35, Page 2 of 2 for the annual amounts in  
13 the "Lab Intc / Deficit" column.