

1 Q. Please provide details and calculations of the \$5.150 million RSP activity shown in
2 Exhibit 10 of the GRA Compliance Application, 2014 COS for 2014 Revenue
3 Deficiency, Schedule 1.2, page 2 of 6. Please reconcile the \$5.150 million to the
4 \$6.992 million related to 2014 RSP activity in the 2014 RSP report [\$6.992 million
5 was the allocated fuel variance recovered from industrial customers as part of the
6 \$6.774 million as shown on page C-1 of Appendix C, Exhibit 4 of the GRA
7 Compliance Application].

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10 A. \$5.150 million is the total Island Industrial Customer allocation of fuel cost
11 variances (i.e., fuel price, load and hydrology) forecast to be recovered through the
12 RSP in the 2014 Test Year, the calculations for which are provided in IC-NLH-006,
13 Attachment 1. The portion related to the forecast fuel price variance is \$7.983
14 million (i.e., total fuel price variance of \$126.4 million multiplied by the Island
15 Industrial Customer portion of total energy sales of 6.316%).

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17 The \$6.992 million is the actual allocated fuel price variance from the Island
18 Industrial Customers in the actual 2014 RSP (i.e., total fuel price variance of \$119.6
19 million multiplied by the Island Industrial Customer portion of total energy sales of
20 5.844%).

Table 1: 2014 Test Year RSP Balances

	Total¹	Utility	Industrial Customers	Labrador Interconnected²
Rural Rate Alteration	(\$10,374,977)	(\$9,244,105)		(\$1,130,872)
Load Variation	(\$23,384,887)	(\$21,850,455)	(\$1,477,094)	(\$57,339)
Fuel Price	\$126,383,400	\$118,090,576	\$7,982,938	\$309,886
Hydrology	(\$21,460,521)	(\$20,052,359)	(\$1,355,542)	(\$52,620)
Labrador Write-off	\$339,903			\$339,903
Total	\$71,502,918	\$66,943,658	\$5,150,302	(\$591,042)

¹ Total RSP activity is allocated between customer groups based on energy sales. The portion initially allocated to rural is reallocated between Utility and Labrador Interconnected based on the approved TY rural deficit allocation. The amount allocated to Labrador Interconnected is removed from plan and written-off to net income.

² The Labrador Interconnected customer portion is included with Utility RSP Activity.

Table 2: Allocation of Total RSP Balances by Customer Group

	Total	Utility¹	Industrial Customers¹	Rural¹	Re-Allocation of Rural²	Labrador Write-off	Total Utility
Load Variation	(\$23,384,887)	(\$20,315,052)	(\$1,477,094)	(\$1,592,742)	(\$1,535,403)	(\$57,339)	(\$21,850,455)
Fuel Price	\$126,383,400	\$109,792,504	\$7,982,938	\$8,607,958	\$8,298,072	\$309,886	\$118,090,576
Hydrology	(\$21,460,521)	(\$18,643,305)	(\$1,355,542)	(\$1,461,674)	(\$1,409,053)	(\$52,620)	(\$20,052,359)

¹ Energy Sales Allocation based on 2014 TY Energy Sales:

Utility	5,962,885,587	86.87%
Industrial Customers	433,557,335	6.32%
Rural	<u>467,502,510</u>	<u>6.81%</u>
Total	6,863,945,432	100.00%

² Rural reallocation to Utility and Labrador Interconnected based on 2014 Test Year rural deficit allocation of 96.4% and 3.6%, respectively.