

1 Q. Please provide an updated estimate of the remaining balance in the segregated
2 load variation component of the RSP and provide an explanation as to how Hydro
3 proposes to address this balance.

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6 A. The estimated remaining balance in the segregated load variation component of
7 the RSP as of March 31, 2017 using a 2015 Test Year is a credit of \$53.9 million
8 owing to customers. This balance will be allocated between Newfoundland Power
9 and the Island Industrial Customers based on an energy allocation basis effective
10 September 2013.¹ The approximate allocation to Newfoundland Power is \$50.7
11 million and to the \$3.2 million to Island Industrial Customers.²

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13 In the 2013 Compliance Application, Hydro has proposed that the cumulative 2014
14 to 2017 revenue deficiency attributable to the Island Industrial Customers of \$1.6
15 million³ be recovered from their respective portion in the RSP load variation
16 component effective March 31, 2017.

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18 Hydro also proposed that the remaining load variation balance continue to be
19 segregated to provide for the recovery of the deferred supply costs while limiting
20 customer impacts. As shown in the 2016 Cost Deferral Application, the balance in
21 the supply cost variance accounts at the end of 2016 was forecast to be \$38.8
22 million owing from customers.⁴ Hydro will be filing an application for recovery of
23 these costs, updated for twelve months of actual results, subsequent to the Board

¹ Order No. P.U. 49(2016), page 18, lines 21-23.

² There is also \$0.3 million allocated to Labrador Interconnected customers and written off.

³ 2013 Compliance Application, Exhibit 3, page 19, Table 13.

⁴ Filed with the Board on December 9, 2016 with actual costs to October 31, 2016 and forecast costs for November and December 2016.

- 1 granting final approval of the proposed language in the supply cost deferral
- 2 accounts.