

1 Q. (Application for Approval to Defer the 2015, 2016 and 2017 Balances in the Isolated  
2 Systems Supply Cost Variance Deferral Account, the Energy Supply Cost Variance  
3 Deferral Account and the Holyrood Conversion Rate Deferral Account, April 13,  
4 2018 Letter to the Board) Based on Hydro’s current proposals in the 2017 GRA and  
5 the 2018 Interim Rates Application, and incorporating the results of the Settlement  
6 Agreement on the 2017 GRA and the latest fuel price forecast, please provide a  
7 table showing for the following dates the average rate in cents/kWh and the  
8 average rate increase from the previous period in percent for each Island  
9 Interconnected customer class: July 1, 2017, April 1, 2018, July 1, 2018 and January  
10 1, 2019. Please show any amounts still owed by each customer class as of  
11 December 31, 2019 and the forecast balance in the proposed Off-Island Purchases  
12 Deferral Account at year-end 2019. Please provide this information for the Deferral  
13 Account Scenario and the Expected Supply Scenario. For the Expected Supply  
14 Scenario, please show results with and without the LIL/LTA O&M costs in the cost of  
15 service; i.e., for the “without case”, assume LIL/LTA O&M costs are recovered at a  
16 future date when the Muskrat Falls project is commissioned.

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18  
19 A. Forecast Average Customer Rate Impacts

20 The requested summary of customer rate impacts can be found in Tables 1 and 2.  
21 These figures reflect the proposals found in Hydro’s 2018 Utility Interim Rates  
22 Application<sup>1</sup> and the 2017 GRA.

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<sup>1</sup> Hydro’s 2018 Utility Interim Rates Application reflects both the impacts of the Settlement Agreement and the latest No. 6 fuel price forecast.

**Table 1: CA-NLH-303 Scenario - Deferral Account**

<b>Newfoundland Power</b>	<b>Jul-17</b>	<b>Apr-18</b>	<b>Jul-18</b>	<b>Jan-19</b>
Hydro GRA Change	-0.4%	N/A	4.1%	13.9%
RSP & CDM Change	28.0%	N/A	-5.9%	0.0%
RSP Rate Mitigation	-15.6%	N/A	12.9%	0.0%
Recovery of Supply Costs	<u>0.0%</u>	<u>N/A</u>	<u>0.0%</u>	<u>0.0%</u>
<b>Total Newfoundland Power</b>	<b>12.0%</b>	<b>N/A</b>	<b>11.1%</b>	<b>13.9%</b>
Average Utility Rate (cents/kWh)	7.1	7.1	7.9	9.0
<b>End-Consumer</b>	<b>Jul-17</b>	<b>Apr-18</b>	<b>Jul-18</b>	<b>Jan-19</b>
Hydro GRA Change	-0.3%	N/A	2.8%	9.4%
RSP & CDM Change	18.9%	N/A	-4.0%	0.0%
RSP Rate Mitigation	-10.5%	N/A	8.7%	0.0%
Recovery of Supply Costs	<u>0.0%</u>	<u>N/A</u>	<u>0.0%</u>	<u>0.0%</u>
<b>Total End Consumer (Rural)</b>	<b>8.1%</b>	<b>N/A</b>	<b>7.5%</b>	<b>9.4%</b>
Average Rate (cents/kWh)	11.7	11.7	12.5	13.7
<b>Island Industrial Customers</b>	<b>Jul-17</b>	<b>Apr-18</b>	<b>Jul-18</b>	<b>Jan-19</b>
Hydro GRA Change	-0.2%	5.8%	N/A	14.9%
RSP & CDM Change	15.9%	-10.4%	N/A	N/A
RSP Rate Mitigation	-6.0%	5.8%	N/A	N/A
Recovery of Supply Costs	<u>0.0%</u>	<u>0.0%</u>	<u>N/A</u>	<u>0.0%</u>
<b>Total Industrial</b>	<b>9.7%</b>	<b>1.2%</b>	<b>N/A</b>	<b>14.9%</b>
Average Rate (cents/kWh)	5.9	5.5	5.5	6.3

**Table 2: CA-NLH-303 Scenario - Expected Supply**

<b>Newfoundland Power</b>	<b>Jul-17</b>	<b>Apr-18</b>	<b>Jul-18</b>	<b>Jan-19</b>
Hydro GRA Change	-0.4%	N/A	4.1%	-0.7%
RSP & CDM Change	28.0%	N/A	-5.9%	0.0%
RSP Rate Mitigation	-15.6%	N/A	12.9%	0.0%
Recovery of Supply Costs	<u>0.0%</u>	<u>N/A</u>	<u>0.0%</u>	<u>7.6%</u>
<b>Total Newfoundland Power</b>	<b>12.0%</b>	<b>N/A</b>	<b>11.1%</b>	<b>6.9%</b>
Average Utility Rate (cents/kWh)	7.1	7.1	7.9	8.4
<b>End-Consumer</b>	<b>Jul-17</b>	<b>Apr-18</b>	<b>Jul-18</b>	<b>Jan-19</b>
Hydro GRA Change	-0.3%	0.0%	2.8%	-0.5%
RSP & CDM Change	18.9%	0.0%	-4.0%	0.0%
RSP Rate Mitigation	-10.5%	0.0%	8.7%	0.0%
Recovery of Supply Costs	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>5.1%</u>
<b>Total End Consumer</b>	<b>8.1%</b>	<b>0.0%</b>	<b>7.5%</b>	<b>4.6%</b>
Average Rate (cents/kWh)	11.7	11.7	12.5	13.1
<b>Island Industrial Customers</b>	<b>Jul-17</b>	<b>Apr-18</b>	<b>Jul-18</b>	<b>Jan-19<sup>2</sup></b>
Hydro GRA Change	-0.2%	5.8%	N/A	-5.4%
RSP & CDM Change	15.9%	-10.4%	N/A	0.2%
RSP Rate Mitigation	-6.0%	5.8%	N/A	0.0%
Recovery of Supply Costs	<u>0.0%</u>	<u>0.0%</u>	<u>N/A</u>	<u>10.7%</u>
<b>Total Industrial</b>	<b>9.7%</b>	<b>1.2%</b>	<b>N/A</b>	<b>5.5%</b>
Average Rate (cents/kWh)	5.9	5.5	5.5	5.7

- 1        Forecast Balances
- 2        As noted in Hydro's response to CA-NLH-301, the revenue deficiency for
- 3        Newfoundland Power at the end of 2019 under the Deferral Account Scenario is
- 4        approximately \$9.5 million and approximately \$6.3 million under the Expected
- 5        Supply Scenario.

<sup>2</sup> Letter to the Board April 13, 2018.

1 The Revenue deficiency for Island Industrial Customers at the end of 2019 under  
2 the deferral account scenario is approximately \$0.3 million.<sup>3</sup> There is no revenue  
3 deficiency in 2018 under the expected supply scenario once the impacts of the  
4 settlement agreement are taken into account.

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6 As noted in Hydro’s response to IC-NLH-203, the forecast credit balance in the Off-  
7 Island Purchases Deferral Account at the end of 2019 is approximately \$91.3  
8 million. This forecast balance does not reflect mitigation of deferred supply cost  
9 through the Off-Island Purchases Deferral Account. If the Board used this balance to  
10 recover the deferred supply costs, the credit balance at the end of 2019 would be  
11 materially reduced.

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13 Removal of LIL/LTA Costs

14 Hydro notes that the \$52.9 million in LIL/LTA O&M costs represents a reduction of  
15 approximately 8.2% to Newfoundland Power’s 2019 Test Year Revenue  
16 Requirement under the Expected Supply Scenario as filed on March 22, 2018  
17 (approximately 5.5% end consumer).<sup>4</sup> This scenario would decrease customer rates  
18 in 2019 and would require a larger increase upon implementation of rates to  
19 recover increased costs related to the Muskrat Falls Project.

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21 To provide the requested detailed cost of service for the Expected Supply Scenario  
22 “without case” (assuming LIL/LTA O&M costs are not recovered) would require  
23 Hydro to complete multiple Cost of Service Studies as well as revised rate designs.

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<sup>3</sup> Revenue deficiency of \$0.7 million – ( $\$0.7 * 12/20$ ) = \$0.3 million.

<sup>4</sup>  $\$52.9 \text{ million} / \$581.6 \text{ million per Appendix I, page 3 of 107} = 9.1\% * 90\% \text{ allocation to Newfoundland Power} = 8.2\% * 67.5\% \text{ estimated end consumer rate change} = 5.5\%$ .

- 1 Hydro considers the provision of the requested information to be unduly onerous
- 2 and the information cannot be provided in the time permitted to respond.