

1 Q. **Hydro’s Letter to the Board, dated August 23, 2017**

2 Do the projected rate changes in Table 1 include the operation of Hydro’s three
3 supply cost deferral accounts for 2017? If not, please provide a projected customer
4 rate impact with all supporting calculations and assumptions. (Hydro’s Letter to the
5 Board, dated August 23, 2017, Page 4)

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8 A. Hydro’s correspondence to the Board, dated August 23, 2017, did not include the
9 forecast impact of supply deferral accounts for 2017.

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11 Hydro’s 2017 forecast balances in the Isolated Systems Supply Cost Variance
12 Deferral Account (Isolated Systems Deferral); the Energy Supply Cost Variance
13 Deferral Account (Energy Supply Deferral); and the Holyrood Conversion Rate
14 Deferral Account (Holyrood Conversion Deferral) are provided in Table 1.

Table 1 2017 Forecast Supply Deferrals

Line No.	Particulars (\$ 000s)	2017 Forecast
1	Isolated Systems Deferral	876
2	Energy Supply Deferral	8,586
3	Holyrood Conversion Deferral	<u>3,429</u>
4	Total	12,890

15 Further, Hydro’s forecast 2017 energy sales by customer are provided in Table 2.

Table 2 2017 Forecast Energy Sales

Line No.	Customer	2017 Forecast Energy (kWh)	2017 Energy (%)	Allocation of Rural (%)	Total (%)
1	Newfoundland Power	5,903,347,627	84.5%	6.4%	91.0%
2	Island Industrial	610,918,644	8.7%	0.0%	8.7%
3	Hydro Rural	469,891,925	<u>6.7%</u>	-6.4%	<u>0.3%</u>
4	Total	6,984,158,196	100.0%		100.0%

1 Using 2017 forecast energy to allocate 2017 forecast supply deferral balances owing
 2 from customers would result in the following allocation by customer, as provided in
 3 Table 3.

Table 3 Allocation of 2017 Supply Costs by Customer

Line No.	Particulars (\$000s)	Newfoundland Power	Island Industrial	Labrador Interconnected	Total
1	Isolated Systems	837	-	39	876
2	Energy Supply	7,813	747	26	8,586
3	Holyrood Conversion	3,120	298	10	3,429
4	Total	11,770	1,045	75	12,890

4 Recovery of \$11.8 million in deferred supply costs from Newfoundland Power over
 5 a single year in 2018 would result in an approximate rate increase of 2.9% (1.9% to
 6 the end-consumer).¹ Recovery of \$1.0 million in deferred supply costs from the
 7 Island Industrial Customers over a single year in 2018 would result in an
 8 approximate rate increase of 2.7%.¹

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 10 In accordance with Board Order No. P.U. 22(2017), Hydro will file its application for
 11 recovery of the 2017 actual balances in the supply cost deferral accounts by March

¹ The projected customer rate impacts are computed relative to existing rates.

- 1 31, 2018. Hydro's proposals for balance disposition, as well as the estimated
- 2 customer impacts, will be provided at that time.