

Undertaking 45

Re: Island Industrial Customer Rate Phase-In

On October 28, 2015 Hydro filed a 2016 Interim Industrial Rates Application (the "Application"). The Application proposes implementation of the 2015 Test Year base rate demand and energy charges to the Island Industrial Customers (IIC) reflecting a No. 6 fuel cost of \$64.41 per barrel (\$Cdn) effective January 1, 2016. The Application also proposed: (i) to revise the RSP Surplus (demand and energy) Adjustments for the period January 1, 2016 to August 31, 2016 to offset the billing impacts of the proposed increase in base rates, and (ii) to revise the RSP rules to provide for the transfer of any remaining balance in the IIC RSP Surplus at August 31, 2016 to the IIC RSP current balance.

Hydro anticipates final approval of 2015 Test Year rates to become effective by mid-2016. Board approval of final IIC rates in 2016 combined with the phase-out of the IIC RSP Surplus Adjustments will conclude the phase-in of IIC rates.

Undertaking 45 Attachment 1 provides a summary of the pro-forma forecast IIC rate impacts for both January 1, 2016 and September 1, 2016.

**Newfoundland and Labrador Hydro
Island Industrial Rate Phase-in**

	2015 Billing		July 1 2015		Jan 1 2016		Percent Increase vs 2015 Existing	Sept 1 2016		Percent Increase vs Jan 1 2016 Proposed
	Units	Unit	Existing	\$	Proposed	\$		Proposed	\$	Proposed
Demand (kW)	1,064,800	\$/kW/mo	7.35	7,826,280	8.38	8,923,024		8.38	8,923,024	
Energy (MWh)	621,400	mills/kWh	40.44	25,129,416	40.69	25,284,766		40.69	25,284,766	
Spec. Assigned		\$	684,312	684,312	684,312	684,312		684,312	684,312	
				<u>33,640,008</u>		<u>34,892,102</u>	3.7%		<u>34,892,102</u>	0.0%
RSP: Teck Rate	20,400	mills/kWh	(11.41)	(232,764)	(11.41)	(232,764)			-	
RSP: Fuel Rider	621,400	mills/kWh		-		-			-	
RSP Surplus Adj - Demand	1,064,800	\$/kW	(0.49)	(521,752)	(1.52)	(1,618,496)			-	
RSP Surplus Adj.- Energy	621,400	mills/kWh	(2.69)	(1,671,566)	(2.94)	(1,826,916)			-	
Total RSP				<u>(2,426,082)</u>		<u>(3,678,176)</u>			-	
Firm plus RSP				<u>31,213,926</u>		<u>31,213,926</u>	0.0%		<u>34,892,102</u>	11.8%