

1 Q. **Reference: NP-NLH-094, Issue Topic: Long Term Supply Cost Variance Deferral Account.**

2 Please provide a sensitivity analysis on the analysis requested in NP-NLH-159 to demonstrate
3 how the allocation by each component in the Long Term Supply Cost Variance Deferral Account
4 for both the existing approach and the proposed approach can differ if the respective variance
5 from test year differs by (i) +10% and (ii) -10%.

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8 A. Please refer to NP-NLH-160, Attachment 1 for a sensitivity analysis on the analysis requested in
9 NP-NLH-159 of this proceeding to demonstrate how the allocation by each component in the
10 Long-Term Supply Cost Variance Deferral Account for both the existing approach and the
11 proposed approach can differ if the respective variance from the test year differs by (i) +10%
12 and (ii) -10%.

Newfoundland and Labrador Hydro
Allocation of Variances – Existing vs Proposed Methodology¹

Base Case
(\$ Millions)

Customer Group	Existing	Proposed	Variance
Newfoundland Power	41.6	42.5	0.9
Island Industrial	4.2	3.2	(0.9)
Rural Island Before Reallocation	2.9	2.8	(0.1)
Rural Island Allocated to NP	(2.8)	(2.7)	0.1
Rural Island After Reallocation ²	-	-	-
Total After Reallocation	45.7	45.7	0.0

Variance +10%
(\$ Millions)

Customer Group	Existing	Proposed	Variance
Newfoundland Power	45.7	46.8	1.0
Island Industrial	4.6	3.6	(1.0)
Rural Island Before Reallocation	3.2	3.1	(0.1)
Rural Island Allocated to NP	(3.1)	(3.0)	0.1
Rural Island After Reallocation ²	-	-	-
Total After Reallocation	50.3	50.3	0.0

Variance -10%
(\$ Millions)

Customer Group	Existing	Proposed	Variance
Newfoundland Power	37.4	38.3	0.8
Island Industrial	3.8	2.9	(0.8)
Rural Island Before Reallocation	2.6	2.5	(0.1)
Rural Island Allocated to NP	(2.5)	(2.4)	0.1
Rural Island After Reallocation ²	-	-	-
Total After Reallocation	41.2	41.2	0.0

¹ Numbers may not add due to rounding.

² Balance is Lab Interconnected Portion

Newfoundland and Labrador Hydro
Detailed Workings - Base Case

	Energy Allocation				Demand Allocation						
	NF Power	Island Indust	Rural Island	Total	NF Power	Island Indust	Rural Island	Total			
	5,938.91	638.78	440.64	7,018.33	16,156.80	971.90	1,105.20	18,233.90			
	84.62%	9.10%	6.28%	100.00%	88.61%	5.33%	6.06%	100.00%			
Extract from Exhibit 13 Calculation											
Before Rural Island Allocation											
	Demand		Energy		Variance		Existing		Proposed		Total
							NF Power	Island Indust	Rural Island	Total	
Muskarat Falls Project costs	49.7%		50.3%	5.5			4.7	0.5	0.3	5.5	5.5
Net revenue from exports	49.7%		50.3%	17.2			14.5	1.6	1.1	17.2	17.2
Transmission tariff revenue	49.7%		50.3%	(1.3)			(1.1)	(0.1)	(0.1)	(1.3)	(1.3)
Rate Mitigation funding	49.7%		50.3%	38.0			32.2	3.5	2.4	38.0	38.0
Hollyrood TGS fuel	0.0%		100.0%	(3.4)			(2.9)	(0.3)	(0.2)	(3.4)	(3.4)
Utility load variance	49.7%		50.3%	(6.8)			(5.8)	(0.6)	(0.4)	(6.8)	(6.8)
Industrial load variance	49.7%		50.3%	(5.1)			(4.3)	(0.5)	(0.3)	(5.1)	(5.1)
Greenhouse gas credit revenue	49.7%		50.3%	1.6			1.4	0.1	0.1	1.6	1.6
Other IIS supply cost, thermal	100.0%		0.0%	0.2			0.2	0.0	0.0	0.2	0.2
Off-island purchases	49.7%		50.3%	-			-	-	-	-	-
On-island purchases	49.7%		50.3%	0.0			0.0	0.0	0.0	0.0	0.0
Wind purchases	43.0%		57.0%	-			-	-	-	-	-
Total				45.8			38.8	4.2	2.9	45.8	45.8
After Rural Island Allocation (96.6% to Newfoundland Power)											
	Demand		Energy		Variance		Existing		Proposed		Total
							NF Power	Island Indust	Rural Island	Total	
Muskarat Falls Project costs	49.7%		50.3%	5.5			5.0	0.5	-	5.5	5.5
Net revenue from exports	49.7%		50.3%	17.2			15.6	1.6	-	17.1	17.2
Transmission tariff revenue	49.7%		50.3%	(1.3)			(1.2)	(0.1)	-	(1.3)	(1.3)
Rate Mitigation funding	49.7%		50.3%	38.0			34.5	3.5	-	37.9	37.9
Hollyrood TGS fuel	0.0%		100.0%	(3.4)			(3.1)	(0.3)	-	(3.4)	(3.4)
Utility load variance	49.7%		50.3%	(6.8)			(6.2)	(0.6)	-	(6.8)	(6.8)
Industrial load variance	49.7%		50.3%	(5.1)			(4.6)	(0.5)	-	(5.1)	(5.1)
Greenhouse gas credit revenue	49.7%		50.3%	1.6			1.5	0.1	-	1.6	1.6
Other IIS supply cost, thermal	100.0%		0.0%	0.2			0.2	0.0	-	0.2	0.2
Off-island purchases	49.7%		50.3%	-			-	-	-	-	-
On-island purchases	49.7%		50.3%	0.0			0.0	0.0	-	0.0	0.0
Wind purchases	43.0%		57.0%	-			-	-	-	-	-
Total ¹				45.8			41.6	4.2	-	45.7	45.7
Calculation based on allocations											

¹ Difference between the \$45.8 million variance and the total allocation relates to the allocation of a portion of Rural Interconnected Customer Group.

¹ Difference between the \$45.8 million variance and the total allocation relates to the allocation of a portion of Rural Interconnected Customer Group.

Newfoundland and Labrador Hydro
Detailed Workings - 10% Decrease

	Before Rural Island Allocation											
	Energy Allocation					Demand Allocation						
	NF Power	Island	Indust	Rural	Island	Total	NF Power	Island	Indust	Rural	Island	Total
	5,938.91	638.78		440.64		7,018.33	16,156.80	971.90		1,105.20		18,233.90
	84.62%	9.10%		6.28%		100.00%	88.61%	5.33%		6.06%		100.00%
	Extract from Exhibit 13											
	Calculation											
	After Rural Island Allocation (96.6% to Newfoundland Power)											
	Existing					Proposed						
	NF Power	Island	Indust	Rural	Island	Total	NF Power	Island	Indust	Rural	Island	Total
Muskrat Falls Project costs	49.7%	5.5	5.0		0.3	5.0	4.3	0.4		0.3	5.0	Calculation based on allocations
Net revenue from exports	49.7%	17.2	15.5		1.4	15.5	13.4	1.1		1.0	15.5	Calculation based on allocations
Transmission tariff revenue	49.7%	(1.3)	(1.2)		(0.1)	(1.2)	(1.1)	(0.1)		(0.1)	(1.2)	Calculation based on allocations
Rate Mitigation funding	49.7%	38.0	34.2		3.1	34.2	29.6	2.5		2.1	34.2	Calculation based on allocations
Hollyrood TGS fuel	0.0%	(3.4)	(3.1)		(0.3)	(3.1)	(2.6)	(0.3)		(0.2)	(3.1)	Calculation based on allocations
Utility load variance	49.7%	(6.8)	(6.1)		(0.6)	(6.1)	(5.3)	(0.4)		(0.4)	(6.1)	Calculation based on allocations
Industrial load variance	49.7%	(5.1)	(4.6)		(0.4)	(4.6)	(4.0)	(0.3)		(0.3)	(4.6)	Calculation based on allocations
Greenhouse gas credit revenue	49.7%	1.6	1.4		0.1	1.4	1.2	0.1		0.1	1.4	Calculation based on allocations
Other IIS supply cost, thermal	100.0%	0.2	0.2		0.0	0.2	0.2	0.0		0.0	0.2	Calculation based on allocations
Off-Island purchases	49.7%	-	-		-	-	-	-		-	-	Calculation based on allocations
On-Island purchases	49.7%	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	Calculation based on allocations
Wind purchases	43.0%	-	-		-	-	-	-		-	-	Calculation based on allocations
Total		45.8	41.3		3.8	41.3	35.8	2.9		2.5	41.3	-
	After Rural Island Allocation (96.6% to Newfoundland Power)											
	Existing					Proposed						
	NF Power	Island	Indust	Rural	Island	Total	NF Power	Island	Indust	Rural	Island	Total
Muskrat Falls Project costs	49.7%	5.5	5.0		0.5	4.9	4.6	0.4		-	4.9	Calculation based on allocations
Net revenue from exports	49.7%	17.2	15.5		1.4	15.4	14.3	1.1		-	15.4	Calculation based on allocations
Transmission tariff revenue	49.7%	(1.3)	(1.2)		(0.1)	(1.2)	(1.1)	(0.1)		-	(1.2)	Calculation based on allocations
Rate Mitigation funding	49.7%	38.0	34.2		3.1	34.1	31.7	2.5		-	34.1	Calculation based on allocations
Hollyrood TGS fuel	0.0%	(3.4)	(3.1)		(0.3)	(3.1)	(2.8)	(0.3)		-	(3.1)	Calculation based on allocations
Utility load variance	49.7%	(6.8)	(6.1)		(0.6)	(6.1)	(5.7)	(0.4)		-	(6.1)	Calculation based on allocations
Industrial load variance	49.7%	(5.1)	(4.6)		(0.4)	(4.6)	(4.2)	(0.3)		-	(4.6)	Calculation based on allocations
Greenhouse gas credit revenue	49.7%	1.6	1.4		0.1	1.4	1.3	0.1		-	1.4	Calculation based on allocations
Other IIS supply cost, thermal	100.0%	0.2	0.2		0.0	0.2	0.2	0.0		-	0.2	Calculation based on allocations
Off-Island purchases	49.7%	-	-		-	-	-	-		-	-	Calculation based on allocations
On-Island purchases	49.7%	0.0	0.0		0.0	0.0	0.0	0.0		-	0.0	Calculation based on allocations
Wind purchases	43.0%	-	-		-	-	-	-		-	-	Calculation based on allocations
Total ¹		45.8	41.3		3.8	41.2	38.3	2.9		-	41.2	-

¹ Difference between the \$45.8 million variance and the total allocation relates to the allocation of a portion of Rural customer costs to the Labrador Interconnected Customer Group.