

- 1 **Q. (page 5-4, Table 5-3) Please show the impact on revenue requirement and required**
2 **rate increase for the test year for the following load forecast scenarios (compared to**
3 **the most recent 12-month period for which actual load data are available, weather**
4 **adjusted):**
5
- 6 (a) **A 1% increase in demand;**
7
8 (b) **No change in demand;**
9
10 (c) **A 5% reduction in demand.**
11
- 12 A. The information below provides estimated *pro forma* impacts on revenue requirement for
13 2020 and the approximate percentage customer rate change to achieve the *pro forma*
14 2020 revenue requirement for the requested scenarios.
15
- 16 (a) Attachment A provides the *pro forma* impact on the 2020 revenue requirement
17 and the required customer rate change for a scenario with a 2020 peak demand
18 that is 1% higher than the 2017 actual native peak. The analysis shows an
19 increase in revenue requirement of \$4,404,000 in 2020. The required rate
20 increase would be higher by approximately 0.66% for 2020 forecast.
21
- 22 (b) Attachment B provides the *pro forma* impact on the 2020 revenue requirement
23 and the required customer rate change for a scenario with a 2020 peak demand
24 where there is no change in the 2017 actual native peak. The analysis shows an
25 increase in revenue requirement of \$3,557,000 in 2020. The required rate
26 increase would be higher by approximately 0.53% in 2020 forecast.
27
- 28 (c) Attachment C provides the *pro forma* impact on the 2020 revenue requirement
29 and the required customer rate change for a scenario with a 2020 peak demand
30 that is 5% lower than the 2017 actual native peak. The analysis shows a reduction
31 in revenue requirement of \$680,000 in 2020. The required rate increase would be
32 lower by approximately 0.11% for 2020 forecast.

Detailed Impact Computations of 1% Increase in Peak Demand

**Impact on 2020 Revenue Requirement and Requested Rate Increase of a
1% increase in Peak Demand¹
(\$000's)**

Impact on Proposed 2020 Revenue from Rates Including RSA & MTA

Proposed Total Revenue from Rates ²	\$670,904	
Demand Supply Cost	\$4,284	= $([1,445.9 \text{ MW}^3 * 1.01] - 1,385.2^4 \text{ MW}) \times \57
Change in Municipal Taxes	<u>\$120</u>	= $\$4,284 \times 2.806\%$ ⁵
Revised Total Revenue from Rates	\$675,308	= $\$670,904 + \$4,284 + \$120$

Impact on Existing 2020 Revenue from Rates Including RSA and MTA

Total Revenue from Existing Rates before impact	\$662,719	= $\$664,034^6 - \$1,315^7$
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Revised Increase in Total Revenue From Final Rates	\$12,589	= $\$675,308 - \$662,719$
Less: Proposed Increase in Total Revenue From Final Rates	<u>\$8,185</u>	= $\$8,185^8$
Impact on total revenue from Final Rates	\$4,404	

Revised Customer Rate Change	1.90%	= $\$12,589 \div \$662,719$
Less: Proposed Customer Rate Change ⁹	<u>1.24%</u>	
Customer Rate Change Impact	0.66%	

¹ Assume increase in supply demand cost has changed only, no impact on customer billing demand.

² Revenue requirement from final rates in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

³ 2017 actual Native Peak from *Hydro's 2017 Weather Adjusted Native Load of Newfoundland Power letter.*

⁴ 2019 proposed Native Peak is the basis for the proposed purchased power 2020 demand charges. Native Peak from *Volume 2, Supporting Materials, Reports, Reports, Tab 3, Customer, Energy, and Demand Forecast, Appendix C.*

⁵ MTA factor of 1.02806 effective July 1, 2017.

⁶ Total Existing Revenue from Rates including RSA and MTA in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

⁷ Total Price Elasticity Effect in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

⁸ Proposed Increase in Total Revenue from Rates including RSA and MTA in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

⁹ The proposed rate increase from *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.* [$\$8,185 / (\$664,034 - \$1,315)$].

Detailed Impact Computations of no Change from 2017 Peak Demand

**Impact on 2020 Revenue Requirement and Requested Rate Increase of a
0% increase in Peak Demand¹
(\$000's)**

Impact on Proposed 2020 Revenue from Rates Including RSA & MTA

Proposed Total Revenue from Rates ²	\$670,904	
Demand Supply Cost	\$3,460	= (1,445.9 MW ³ -1,385.2 ⁴ MW) x \$57
Change in Municipal Taxes	<u>\$97</u>	= \$3,460 x 2.806% ⁵
Revised Total Revenue from Rates	\$674,461	= \$670,904+ \$3,460 + \$97

Impact on Existing 2020 Revenue from Rates Including RSA and MTA

Total Revenue from Existing Rates before impact	\$662,719	= \$664,034 ⁶ - \$1,315 ⁷
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Revised Increase in Total Revenue From Final Rates	\$11,742	= \$674,461 - \$662,719
Less: Proposed Increase in Total Revenue From Final Rates	<u>\$8,185</u>	= \$8,185 ⁸
Impact on total revenue from Final Rates	\$3,557	

Revised Customer Rate Change	1.77%	= \$11,742 ÷ \$662,719
Less: Proposed Customer Rate Change ⁹	<u>1.24%</u>	
Customer Rate Change Impact	.53%	

¹ Assume increase in supply demand cost has changed only, no impact on customer billing demand.
² Revenue requirement from final rates in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*
³ 2017 actual Native Peak from the 2017 Weather Adjusted Native Load of Newfoundland Power letter.
⁴ 2019 proposed Native Peak is the basis for the proposed purchased power 2020 demand charges. Native Peak from *Volume 2, Supporting Materials, Reports, Tab 3, Customer, Energy, and Demand Forecast, Appendix C.*
⁵ MTA factor of 1.02806 effective July 1, 2017.
⁶ Total Existing Revenue from Rates including RSA and MTA in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*
⁷ Total Price Elasticity Effect in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*
⁸ Proposed Increase in Total Revenue from Rates including RSA and MTA in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*
⁹ The proposed rate increase from in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.* [\$8,185/(\$664,034 - \$1,315)].

Detailed Impact Computations of 5% Decrease in Peak Demand

**Impact on 2020 Revenue Requirement and Requested Rate Increase of a
5% Decrease in Peak Demand¹**
(\$000's)

Impact on Proposed 2020 Revenue from Rates Including RSA & MTA

Proposed Total Revenue from Rates ²	\$670,904	
Demand Supply Cost	\$(661)	= ([1,445.9 MW ³ *.95] -1,385.2 ⁴ MW) x \$57
Change in Municipal Taxes	<u>\$(19)</u>	= -\$661 x 2.806% ⁵
Revised Total Revenue from Rates	\$670,224	= \$670,904 - \$661 - \$19

Impact on Existing 2020 Revenue from Rates Including RSA and MTA

Total Revenue from Existing Rates before impact	\$662,719	= \$664,034 ⁶ - \$1,315 ⁷
Revised Increase in Total Revenue From Final Rates	\$7,505	= \$670,224 - \$662,719
Less: Proposed Increase in Total Revenue From Final Rates	<u>\$8,185</u>	= \$8,185 ⁸
Impact on total revenue from Final Rates	(\$680)	
Revised Customer Rate Change	1.13%	= \$7,505 ÷ \$662,719
Less: Proposed Customer Rate Change ⁹	<u>1.24%</u>	
Customer Rate Change Impact	-0.11%	

¹ Assume increase in supply demand cost has changed only, no impact on customer billing demand.

² Revenue requirement from final rates in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

³ 2017 actual Native Peak from *Hydro's 2017 Weather Adjusted Native Load of Newfoundland Power letter.*

⁴ 2019 proposed Native Peak is the basis for the proposed purchased power 2020 demand charges. Native Peak from *Volume 2, Supporting Materials, Reports, Tab 3, Customer, Energy, and Demand Forecast, Appendix C.*

⁵ MTA factor of 1.02806 effective July 1, 2017.

⁶ Total Existing Revenue from Rates including RSA and MTA in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

⁷ Total Price Elasticity Effect in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

⁸ Proposed Increase in Total Revenue from Rates including RSA and MTA in *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.*

⁹ The proposed rate increase from *Volume 1, Application, Company Evidence and Exhibits, Exhibit 9, Page 2.* [\$8,185/(\$664,034 - \$1,315)].