

- 1 Q. **Volume 1 (1<sup>st</sup> Revision), Chapter 4: Finance**  
2 Regarding Schedule 4-II, please reconcile the changes to the Hydraulic balance for  
3 the approved 2015 test year, 2015 and 2016 actuals, 2017 forecast and 2018 and  
4 2019 test years. (Volume I (1st Revision),  
5 Chapter 4: Finance, Schedule 4-II, Page 6 of 9, Line 2)  
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8 A. Table 1 provides a continuity of the balances in the Hydraulic account from 2015  
9 actual to the 2019 Test Year.

**Table 1 Rate Stabilization Plan - Hydraulic Balance Continuity (\$000s)**

|                                    | Approved<br>Test Year<br>2015 | Actual <sup>1</sup><br>2015 | Actual <sup>1</sup><br>2016 | Forecast<br>2017 | Test Year<br>2018 | Test Year<br>2019 |
|------------------------------------|-------------------------------|-----------------------------|-----------------------------|------------------|-------------------|-------------------|
| Opening balance                    | (43,359)                      | (43,359)                    | (56,458)                    | (37,018)         | (595)             | (446)             |
| Adjustments <sup>2</sup>           |                               |                             |                             | 15,611           | -                 | -                 |
| Opening balance - Adjusted         | (43,359)                      | (43,359)                    | (56,458)                    | (21,407)         | (595)             | (446)             |
| Net Hydraulic Production Variation | (20,457)                      | (31,918)                    | 7,100                       | (227)            | -                 | -                 |
| Financing Charges                  | (3,951)                       | (5,103)                     | (4,273)                     | (1,210)          | (34)              | (26)              |
| Hydraulic Allocation               | 19,905                        | 23,922                      | 16,612                      | 1,410            | 183               | 138               |
| Transfers <sup>3</sup>             |                               |                             |                             | 20,840           |                   |                   |
| Closing Balance                    | 47,862)                       | 56,458)                     | 37,018)                     | (595)            | (446)             | 335)              |

Notes:

1. Actuals for 2015 and 2016 based on 2007 Cost of Service inputs.
2. The 2017 opening balance was adjusted to reflect the restatement of balances for 2015 and 2016 using 2015 Cost of Service inputs, with the exception of fuel price. This adjustment reflects the Board's decision on Hydro's 2013 General Rate Application in Order No. P.U. 49(2016).
3. Forecast proposal to use the Hydraulic balance at September 30, 2017 to partially recover the \$42.2 million in the Supply Cost Deferral accounts as of December 31, 2016. This forecast assumed \$21.3 million of the Supply Cost Deferral balance would be transferred to the Current Plan accounts of Newfoundland Power and the Island Industrial Customers.