

1 Q. **Volume 1 (1<sup>st</sup> Revision), Chapter 4: Finance**

2 Please provide a variance analysis of Hydro's Statement of Income and Retained  
3 Earnings between Hydro's 2016 forecast included in its Amended 2013 GRA and  
4 2016 actuals. The variance analysis should be in a format similar to Schedule 4-II,  
5 Page 1 of 9.

6

7

8 A. Table 1 presents the variances from 2016 actuals and the 2016 forecast as filed in  
9 Undertaking 144, Attachment 1.

**(rest of page intentionally left blank)**

**Table 1 2016 Variance Analysis (\$000s)**

	2016 Actual	2016 Forecast	Variance	
<b>Revenue</b>				
Energy sales	559,525	675,721	(116,196)	1
Generation Demand Cost Recovery	1,288	1,359	(71)	
CIAC Revenue	773	-	773	
Other revenue	1,863	2,495	(632)	
<b>Total revenue</b>	<b>563,449</b>	<b>679,575</b>	<b>(116,126)</b>	
<b>Expenses</b>				
Operating expenses	123,912	142,159	(18,247)	2
Other Income and expense	(16,703)	4,073	(20,776)	3
Foreign exchange	2,157	2,157	-	
Fuels	210,950	282,878	(71,928)	4
Power purchases	60,117	63,144	(3,027)	5
Depreciation	67,436	67,349	87	
Accretion of asset retirement obligation	645	906	(261)	
Interest	95,721	82,344	13,377	6
<b>Total expenses</b>	<b>544,235</b>	<b>645,010</b>	<b>(100,775)</b>	
<b>Net income (loss) before compliance adjustments</b>	<b>19,214</b>	<b>34,565</b>	<b>(15,351)</b>	
Compliance Adjustments	9,017	-	9,017	7
<b>Net Income (loss) after compliance adjustments</b>	<b>28,231</b>	<b>34,565</b>	<b>(6,334)</b>	

Notes:

1. Delay in the implementation of final rates relating to the 2013 General Rate Application.
2. Refer to Volume 1, Chapter 3 Operations, page 3.34, note 72 and PUB-NLH-054.
3. Adjustments relating to the 2014 - 2016 cost deferrals partially offset by an increase in asset disposal costs.
4. Actual fuel recorded based on 2007 Cost of Service cost of \$55.47/bbl.
5. Lower than forecast production from Exploits generation offset by increased production from the Corner Brook Pulp and Paper Co-generation facility.
6. Primarily due to RSP actual interest recorded on 2007 Cost of Service values partially offset by delay in the issuance of long-term debt.
7. GRA Compliance Filing to Order No. 49(2016) adjustments reflected in the correct period for regulatory reporting.