

1 Q. **Evidence on Customer Rates, Revision 2 – November 14, 2018, Schedule 1, Page 3**
2 **of 81, Lines 26-27.**

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4 On Page 3 of 81, at Lines 26-27 it states:

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6 *“On October 2, 2018, the Board directed that Hydro file, by October 26, 2018, an*
7 *update reflecting both the revised forecast of off-island purchases and the updated*
8 *fuel price forecast...”*

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10 In tabular format, please provide a side-by-side comparison of: (i) the 2018 and
11 2019 Test Year data provided in the updated Schedule 3-V requested in Request for
12 Information NP-NLH-338; and (ii) the 2018 and 2019 Test Year data provided in
13 Schedule 3-V as filed on July 28, 2017. Below the table, please provide supporting
14 calculations and detailed explanations of the changes between the original filing
15 and the requested update.

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18 A. Please refer to NP-NLH-339, Attachment 1 for the requested comparisons for the
19 2018 Test Year and the 2019 Test Year. Hydro’s evidence filed July 28, 2017 was
20 prepared on the Deferral Account Scenario and assumed no off-island purchases.
21 Conversely, Hydro’s Evidence on Customer Rates, Revision 2 filed November 14,
22 2018 was prepared on the Expected Supply Scenario, which includes off-island
23 purchases.

24

25 The differences between the 2018 Test Year information in the October 26, 2018
26 filing and the original July 28, 2017 filing for the 2018 Test Year reflect (i) the
27 differences in production and production costs as a result of including off-island

1 purchases in the October 26, 2018 forecast; and (ii) the assumption in the October
2 26, 2018 filing that the 2018 supply costs would be calculated based on the 2015
3 Test Year forecast and that variances from the 2015 Test Year forecast would be
4 reflected in supply cost deferral account balances. The original July 28, 2017 filing
5 assumed 2018 Test Year supply costs would be calculated based on the 2018 Test
6 Year forecast.

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8 The differences between the 2019 Test Year information in the October 26, 2018
9 filing and the original July 28, 2017 filing for the 2019 Test Year reflect: (i) the
10 differences in production and production costs as a result of including off-island
11 purchases in the October 26, 2018 forecast; and (ii) the change in the forecast fuel
12 price for Test Year 2019.

Newfoundland and Labrador Hydro Energy Supply and Fuel Expense for 2018 to 2019
Island Interconnected System

	2018 Test Year			2019 Test Year		
	As Filed July 28, 2017	As Filed Oct 26, 2018	Difference	As Filed July 28, 2017	As Filed Oct 26, 2018	Difference
Total Energy Requirement (GWh)	7,222.5	7,222.5	-	7,235.3	7,235.3	-
Hydraulic Production (GWh) ¹	4,600.5	4,601.0	0.5	4,606.4	4,600.5	(5.9)
Energy Receipts and Purchases (GWh) ²	1,026.5	1,031.0	4.5	1,027.4	1,027.8	0.3
Recapture Energy (GWh) ³	-	69.1	69.1	-	667.2	667.2
Other Off-Island Purchases (GWh) ³	-	83.0	83.0	-	48.7	48.7
Gas Turbine/Diesels Production (GWh)	41.1	11.4	(29.7)	41.1	22.3	(18.8)
Holyrood Production (GWh) ⁴	1,554.4	1,427.1	(127.3)	1,560.3	869.0	(691.4)
Holyrood No. 6 Fuel Conversion Factor (kWh/bbl)	616	618	2	616	583	(33)
Holyrood No. 6 Fuel Consumption (bbl)	2,522,118	2,309,288	(212,830)	2,533,629	1,490,487	(1,043,142)
No. 6 Fuel Production Cost (\$000) ⁵	217,927	147,684	(70,243)	220,709	137,870	(82,839)
Gas Turbine/Diesel Production Cost (\$000) ⁶	12,302	3,474	(8,828)	13,024	7,161	(5,863)

Notes:

1. Minor changes in forecast hydraulic production result from model simulation.
2. Energy receipts and purchases reflect model simulation variations for 2019.
3. Recapture energy and other off-island purchases are reflected based on the forecast availability of the Labrador-Island Link and Maritime Link.
4. Reduced Holyrood production results directly from the forecast energy available from off-island purchases. The following provides a cost summary:

	2018 Test Year		2019 Test Year	
5. Change in No. 6 Fuel Price	56,632	\$87.11 vs. \$64.41	(13,652)	\$85.55 vs. \$92.50
Change in Conversion Rate	(401)	616 vs. 618 kWh/bbl	7,344	616 vs. 583 kWh/bbl
Change in Production Volume	14,012	Change in Off-Island & Production Mix	89,146	Change in Off-Island & Production Mix
Reconciled Savings	<u>70,243</u>		<u>82,839</u>	

6. 2019 Gas Turbine production cost reflects the revised standby capacity requirements under the assumption of off-island purchases and revised fuel price forecast.