

- 1 Q. **2018 Cost Deferral and Interim Rates Evidence - Revision 2, November 14, 2018**
2 Evidence, Schedule 2, page 9 of 9 - Provide a revised Schedule 2 which reflects the
3 most current 2018 financial forecast results incorporating actuals to the latest
4 month available. In the response provide explanations of any significant variance
5 from the forecast in Schedule 2, page 9 of 9 dated November 14, 2018.
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8 A. Please refer to PUB-NLH-184, Attachment 1, for the latest forecast available which
9 includes actual results for 2018 from January 1 to the end of November.

Newfoundland and Labrador Hydro
2018 Forecast Financial Results

	Revised 2018 September Forecast ¹	Revised 2018 November Forecast ¹	Variance
Revenue			
Energy sales	557,655	563,720	6,065
Other revenue	5,831	5,817	(14)
	<u>563,486</u>	<u>569,537</u>	<u>6,051</u>
EXPENSES			
Operating costs	137,637	136,967	(670)
Other (income) and expense	(5,863)	(5,573)	290
Foreign Exchange	2,589	2,636	47
Fuels	154,779	163,374	8,595
Power purchased	73,403	72,418	(985)
Amortization	85,028	84,972	(56)
ARO Accretion	362	357	(5)
Interest	90,589	90,331	(258)
	<u>538,524</u>	<u>545,482</u>	<u>6,958</u>
NET INCOME	<u>24,961</u>	<u>24,055</u>	<u>(907)</u> ⁽²⁾
Return on Rate Base	5.28%	5.22%	
Projected Compliance Return on Rate Base Ranges:			
Upper end of the range: 5.45% + 0.20%	5.65%	5.65%	
Lower end of the range: 5.45% - 0.20%	5.25%	5.25%	
Financial Return on Equity	7.68%	7.41%	

1. Forecast excludes financial reporting adjustments.

2. While variances exist on various line items, the drivers of the net income variance are: an increase in CBPP capacity assistance costs based upon the new agreement; differences in rural revenue; and, a reduction in operating costs due to a change in scope of maintenance activities.