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1 Q. Please provide the Industrial Fuel Price Projection that was required by Section C of  
2 the Rate Stabilization Plan for October 2007 and October 2008.

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5 A. Section C of the Rate Stabilization Plan (RSP) requires that a fuel price projection be  
6 calculated to anticipate forecast fuel price changes and to determine fuel riders for  
7 rate adjustments. For Industrial Customers, this occurs in October of each year, for  
8 inclusion with the RSP adjustment effective January 1. Please refer to the following  
9 pages for the October 2007 Industrial Fuel Price Projection and for the October  
10 2008 Industrial Fuel Price Projection. Note that the attached Fuel Price Projection  
11 calculations assume the Board would have approved the adjustments to Test Year  
12 barrels of No. 6 fuel similar to those approved in Order No. P.U. 11 (2008) for  
13 Newfoundland Power's July 1, 2008 RSP rate.

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
Industrial Customers

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October, 2007

**Line**

<b>No</b>	<b>Customer Allocation</b>	<b>Amount</b>	<b>Comments</b>
1	September Fuel Price Projection	\$ 58.85	From Page 3
2	2007 Test Year Fuel Forecast Price	<u>\$ 55.40</u>	
3	Forecast Fuel Price Variance	\$ 3.45	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	Line 23
5	Forecast Fuel Variance	\$ 7,397,007	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	10.28%	From Line 9
7	Industrial Customer Allocation September	<u>\$ 760,412</u>	Line 5 x Line 6

		<b>kWh</b>	<b>Percent of Total</b>	<b>Allocation of Rural</b>	<b>Total</b>
8	12 months to date (Oct 2006 - Sep 2007) Utility Sales	4,890,302,421	83.03%	5.96%	88.99%
9	12 months to date (Oct 2006 - Sep 2007) Industrial Customer Sales	802,684,145	10.28%	0.00%	10.28%
10	Less: Forecast reduction in CBPP load for 2008 <sup>(1)</sup>	<u>(197,500,000)</u>			
11	Revised 12 months to date (Oct 2006 - Sep 2007) Industrial Customer Sales	605,184,145			
12	12 months to date (Oct 2006 - Sep 2007) Bulk Rural Energy	<u>394,303,282</u>	6.69%	-6.69%	0.00%
13	Total	<u>5,889,789,848</u>			

**Estimate of Industrial Fuel Price Projection Rider  
Rate Rider**

<b>No</b>	<b>Estimate of Industrial Fuel Price Projection Rider Rate Rider</b>	<b>Amount</b>	<b>Comments</b>
14	Industrial Allocation September	\$ 760,412	From Line 7
15	12 months to date Industrial Sales (kWh)	605,184,145	From Line 11
16	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(2)</sup>	<u>1.26</u>	Line 14/Line 15 x 1000

<sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 197,500,000 kWh in CBPP load for 2008.

<sup>(2)</sup> The Industrial allocation of 760,412 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2007.

**2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load**

17	2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		<u>2,467,396</u>
18	Forecast reduction in CBPP load for 2008	197,500,000	
19	2007 Test Year Transmission Loss Percentage	3.14%	
20	CBPP reduced kWh	<u>203,701,500</u>	
21	Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630	
22	Barrels Displaced at Holyrood due to CBPP load reduction	323,336	<u>(323,336)</u>
23	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		<u>2,144,060</u>

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**Fuel Price Projection**  
**As at September 28, 2007**

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	\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>	
2008 January	59.90
February	58.50
March	56.00
April	56.10
May	56.00
June	57.10
July	58.00
August	60.20
September	57.60
October	57.40
November	57.70
December	56.90
Average \$US/bbl <sup>(2)</sup>	57.60
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$57.38
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>	<u>1.0254</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>	<u>\$58.85</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 28, 2007.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2007, rounded to 4 decimal places.

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN ESTIMATED FUEL PRICE PROJECTION RIDER  
Industrial Customers

October, 2008

Line No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 100.65	From Page 5
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 45.25	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	2,144,060	Line 23
5	Forecast Fuel Variance	\$ 97,018,715	Line 3 x Line 4
6	Industrial Customer Allocation Ratio for September	10.44%	From Line 9
7	Industrial Customer Allocation September	\$ 10,128,754	Line 5 x Line 6

Calculation of Customer Allocation		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Oct 2007 - Sep 2008) Utility Sales	5,010,044,656	82.76%	6.06%	88.82%
9	12 months to date (Oct 2007 - Sep 2008) Industrial Customer Sales	648,919,073	10.44%	0.00%	10.44%
10	Less: Forecast reduction in CBPP load for 2008 <sup>(1)</sup>	<u>(16,900,000)</u>			
11	Revised 12 months to date (Oct 2007 - Sep 2008) Industrial Customer Sales	632,019,073			
12	12 months to date (Oct 2007 - Sep 2008) Bulk Rural Energy	<u>411,961,865</u>	6.80%	-6.80%	0.00%
13	Total	<u>6,054,025,594</u>			

Estimate of Industrial Fuel Price Projection Rider Rate Rider		Amount	Comments
14	Industrial Allocation September	\$ 10,128,754	From Line 7
15	12 months to date Industrial Sales (kWh)	632,019,073	From Line 11
16	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(3)</sup>	<u>16.03</u>	Line 14/Line 15 x 1000

<sup>(1)</sup> Effective November 5, 2007, CBPP shut down its number one paper machine in the mill. This has resulted in a forecast reduction of 16,900,000 kWh in CBPP load for the remainder of 2008.

<sup>(3)</sup> The Industrial allocation of \$10,128,754 is established as calculated above. However, the actual fuel price projection rider will be calculated based on 12 month-to-date Industrial sales as of December, 2008.

2007 Test Year Barrels Adjusted for Reduction in Corner Brook Pulp and Paper Limited (CBPP) Load			2,467,396
17	2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood, adjusted as for NP		<u>2,467,396</u>
18	Forecast reduction in CBPP load for 2008	197,500,000	
19	2007 Test Year Transmission Loss Percentage	3.14%	
20	CBPP reduced kWh	<u>203,701,500</u>	
21	Holyrood Operating Efficiency 2007 Test Year (kWh/bbl)	630	
22	Barrels Displaced at Holyrood due to CBPP load reduction	323,336	<u>(323,336)</u>
23	Adjusted 2007 Test Year Barrels of No. 6 Fuel forecast to be consumed at Holyrood		<u>2,144,060</u>

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**Fuel Price Projection**  
**As at September 30, 2008**

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	\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>	
2009 January	88.30
February	93.00
March	88.50
April	90.90
May	96.00
June	98.70
July	103.90
August	105.90
September	100.50
October	95.80
November	92.60
December	89.30
Average \$Cdn/bbl <sup>(2)</sup>	95.30
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$95.08
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>	<u>1.0583</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>	<u>\$100.65</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 30, 2008.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of September, 2008, rounded to 4 decimal places.