

1 Q. How does Hydro recover its planning costs from consumers?

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4 A. Hydro recovers its planning costs from consumers in the rates it charges.

5 The recovery is dependent upon the system being served. Transmission

6 planning, for instance, is allocated among systems based on transmission

7 plant. It is also classified based on transmission plant. Distribution and

8 generation planning costs, once systemized, are classified based on

9 distribution and generation plant, respectively. The classified costs are

10 allocated among the rate classes based on the allocation factors specified on

11 Schedule 3.1 of the Cost of Service.

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13 Cost recovery is dependent upon the system and rate class for which service

14 is being provided. Isolated systems, L'Anse au Loup and Rural Island

15 Interconnected customers contribute to the rural deficit, rather than paying

16 cost-based rates. Island Industrial Customers pay cost-based rates.

17 Newfoundland Power and Labrador Rural Interconnected customers pay

18 their costs, as well as a portion of the rural deficit.