

Newfoundland & Labrador Hydro

2003 General Rate Application

Towns of Labrador City and Wabush Responses to Hydro Information Requests

Request

NLH-234 LC What would Mr. Drazen's position be with respect to cost of service if instead of two lines (Labrador East and Labrador West), there were, e.g., eight radial lines with cost differences between lines as high as, e.g., 4:1? Would Mr. Drazen propose that there be eight cost of service studies?

Response

The question is academic in that rates are set for the system as it is, not a hypothetical system with a different configuration. Separate rates are justified by cost differences smaller than the 4:1 mentioned in the question. For example, the difference in cost between the Island Industrial customers and Newfoundland Power is 1.23:1, which Hydro considers sufficient to justify different rates.

Similarly, differences in cost per MWh among the Labrador West General Service customers are the same or smaller, yet Hydro correctly uses those cost differences to justify different rates.

	<u>Cost of Service</u>	<u>MWH Sales</u>	<u>Cost Per MWh</u>
Newfoundland Power	\$222,506,054	4,741,400	\$46.9
Island Industrial	\$52,290,690	1,368,600	\$38.2
Ratio NP to Ind'l.			1.23
<u>Labrador West</u>			
A) GS 10-100 kW	\$1,114,853	56,906	\$19.6
B) GS 110-1,000 kW	1,419,163	85,210	16.7
C) GS over 1,000 kW	\$881,503	64,946	\$13.6
Ratio A:B			1.18
B:C			1.23