

Newfoundland & Labrador Hydro

2003 General Rate Application

Towns of Labrador City and Wabush Responses to Hydro Information Requests

Request

NLH-262 LC With reference to Standby Capacity on Page 5, please provide the basis for determining the \$1,400,000 cost assignment to Labrador West. Also, please indicate if any costs are assigned to IOCC in Hydro's Cost of Service Study.

Response

Yes, IOCC is allocated cost as well. There is no "cost assignment to Labrador West". The evidence states that if costs of the standby capacity are allocated to Labrador West, the customers in Labrador West would be overcharged by about \$1,400,000. This should read "\$1,900,000". This is simply a quantification of the effect of Hydro's proposed allocation. The total cost of service for the standby capacity is \$2,731,000. The Labrador West load plus the IOCC load is more than half of the total load and Labrador West would be allocated more than half of this amount. This was described as "approximately \$1,400,000".

To be more precise, the allocations in Hydro's study of this cost are:

	<u>Amount</u>	<u>Allocation</u>	
		<u>kW</u>	<u>%</u>
Production demand cost	\$3,825,587		
Less CF(L)Co	<u>(1,094,394)</u>		
Standby capacity	\$2,731,193		
Allocation to Lab. West-IOCC			
Demand			
Labrador West		66,368	} 69.7%
IOCC		70,231	
Labrador East		<u>59,436</u>	30.3%
Total		196,035	
Amount @ 69.7%	\$1,903,642		