

1 Q. Please restate Exhibit RDG-1 Schedule 1.2 (2004 Forecast Cost of Service  
2 Comparison of Revenue & Allocated Revenue Requirement) to show  
3 sufficient detail as to identify billing determinants by specific rate class. In  
4 other words, please provide a breakdown of rate classes by the "C", "D", "G",  
5 "H", "HV", "S", and "W" suffixes.  
6  
7

8 A. Schedule 1.2 of the Cost of Service is a summary of rate class costs and  
9 revenues for each major geographic area in which Hydro provides service.  
10 The rate classes for isolated system customers are the same as for Island  
11 Interconnected customers, which group customers by usage patterns, usage  
12 levels and conditions of service. As well, these rate classes are categorized  
13 by customer activity; i.e., residential, various levels of general service and  
14 street lighting. Hydro has not developed the Cost of Service to the level  
15 where subsets of the rate classes are derived based on who pays the bill.  
16 Instead, customers with the same cost characteristics have been combined  
17 to improve cost allocations.  
18

19 Costs for the isolated rate classes with a suffix of "D" and "G" are  
20 determined from the unit costing for isolated system customers, found on  
21 page 12 of Exhibit RDG-1, Revision 1. The attached schedule for isolated  
22 systems shows the application of these unit costs to the billing determinants  
23 for each rate class subset. The proposed revenues are determined from the  
24 proposed rates applied to the billing determinants, and the resulting revenue  
25 to cost coverage ratios are shown. Isolated rate classes with a suffix of "C",  
26 "H" and "S" have been withdrawn.  
27

28 For the Labrador Interconnected rates classes (suffixes "HV" and "W"), rate

1 class costing is developed in a manner similar to that explained above for  
2 isolated systems. Revenue requirement for the Labrador Interconnected  
3 rate classes is determined based on an average kWh rate rather than the  
4 individual rate components. The total revenue for Labrador Interconnected is  
5 understated by \$13,000. This is a forecast adjustment affecting area lighting  
6 that will be accommodated in the final COS run.

7

8 See the attached tables.

**Total Diesel - 2004 Revision 1**

**Unit Costs from COS**

	<u>Demand</u>	<u>kWhs</u>	<u>BCC</u>
1.1	0.00	0.59891	29.72
2.1	0.00	0.52194	33.81
2.2	28.01	0.35315	57.27
2.3	28.01	0.35315	57.27
2.4	28.01	0.35315	57.27

<u>Rate</u>	<u>Bills</u>	<u>MWh</u>	<u>Demands</u>	<u>Current Revenue \$</u>	<u>Proposed Revenue \$</u>	<u>Costs \$</u>	<u>Coverages</u>
1.2	35,640	27,888		3,139,765	3,375,857	17,761,623	19%
2.1	6,120	5,056		1,177,656	1,193,732	2,845,846	42%
2.2	1,440	9,604	33,174	2,115,717	2,097,292	4,403,325	48%
2.3	132	3,246	13,772	429,098	415,649	1,539,638	27%
2.4	12	2,400	8,106	167,565	180,032	1,075,296	17%
A.L.	<u>1,368</u>	<u>414</u>		<u>133,222</u>	<u>138,690</u>	<u>344,638</u>	<u>40%</u>
Total	44,712	48,608	55,052	7,163,023	7,401,252	27,970,366	26%

1.2	35,376	27,537		2,939,124	3,157,794	17,543,559	18%
1.2G	264	351		200,641	218,063	218,063	100%

**Diesel 1.23**

2.1	636	308		37,747	40,555	182,261	22%
2.2	264	1,925	6,536	248,559	267,052	878,006	30%
2.3	12	186	960	24,014	25,801	93,263	28%

**Diesel 2.5**

2.1	4,836	3,984		682,187	732,562	2,242,914	33%
2.2	936	6,267	21,823	1,214,338	1,304,663	2,878,058	45%

**Diesel 2.5 Gov't**

2.1	648	764		457,722	420,615	420,671	100%
2.2	180	1,082	3,619	623,594	494,176	493,785	100%
2.3	12	305	1,197	173,969	141,538	141,926	100%

**Fish Plants**

2.2	60	330	1,196	29,226	31,401	153,476	20%
2.3	108	2,755	11,615	231,115	248,310	1,304,450	19%
2.4	12	2,400	8,106	167,565	180,032	1,075,296	17%

**Area Lighting**

AL	1,284	406		122,887	132,030	337,978	39%
ALG	84	8		10,335	6,660	6,660	100%

**Total Labrador Interconnected - 2004**

		<b>Current</b>	<b>Current</b>	<b>Target</b>	<b>2004</b>
<u>Rate</u>	<u>MWh</u>	<u>Revenues \$</u>	<u>Rate</u>	<u>Rate</u>	<u>Revenues \$</u>
			<u>\$/kWh</u>	<u>\$/kWh</u>	
1.1 HV	102,012	3,592,824	0.03522	0.03522	3,592,863
2.1 HV	2,290	97,757	0.04269	0.05138	117,651
2.2 HV	28,316	1,036,345	0.03660	0.03661	1,036,705
2.3 HV	32,708	1,153,101	0.03525	0.03528	1,153,873
2.4 HV	52,235	1,450,540	0.02777	0.02776	1,449,887
A.L.HV	<u>776</u>	<u>116,172</u>	<u>0.14971</u>		<u>136,088</u>
Total HV	218,337	7,446,739	0.03411		7,487,067
1.1 W	163,763	2,370,939	0.01448	0.01719	2,815,741
2.1 W	1,673	52,743	0.03153	0.03786	63,333
2.2 W	28,590	646,948	0.02263	0.02715	776,333
2.3 W	52,502	1,054,530	0.02009	0.02387	1,252,960
2.4 W	12,711	218,149	0.01716	0.02045	259,978
A.L.W	<u>715</u>	<u>56,857</u>	<u>0.07952</u>		<u>64,746</u>
Total W	259,954	4,400,166	0.01693		5,233,091
Revenue Total		11,846,905			12,720,158
Actual Recovery					12,719,227

**Labrador Interconnected System**

	<u>Rate</u>	<u>Bills</u>	<u>MWh</u>	<u>Demands</u>	<u>Current</u>	<u>Proposed</u>
					<u>Revenue \$</u>	<u>Revenue \$</u>
1.10	94,260	265,775			5,963,763	6,408,339
2.1	4,788	3,963			150,500	180,931
2.2	7,371	56,906	192,216		1,683,293	1,812,581
2.3	1,509	85,210	262,964		2,207,631	2,406,094
2.4	72	64,946	124,484		1,668,689	1,710,447
A.L.	<u>3,312</u>	<u>1,491</u>			<u>173,029</u>	<u>200,835</u>
<b>Total Lab Int</b>	<b>111,204</b>	<b>478,291</b>	<b>579,664</b>		<b>11,846,905</b>	<b>12,719,227</b>
<b>Happy Valley / Goose Bay</b>						
1.1 HV	43,296	102,012			3,592,824	3,592,824
2.1 HV	2,928	2,290			97,757	117,655
2.2 HV	3,891	28,316	96,623		1,036,345	1,036,345
2.3 HV	621	32,708	114,495		1,153,101	1,153,101
2.4 HV	36	52,235	99,870		1,450,540	1,450,540
A.L.HV	<u>1,776</u>	<u>776</u>			<u>116,172</u>	<u>136,088</u>
<b>Total HV</b>	<b>52,548</b>	<b>218,337</b>	<b>310,988</b>		<b>7,446,739</b>	<b>7,486,553</b>
<b>Labrador West</b>						
1.1 W	50,964	163,763			2,370,939	2,815,515
2.1 W	1,860	1,673			52,743	63,276
2.2 W	3,420	28,590	95,593		646,948	776,236
2.3 W	840	52,502	148,469		1,054,530	1,252,993
2.4 W	36	12,711	24,614		218,149	259,907
A.L.W	<u>1,536</u>	<u>715</u>			<u>56,857</u>	<u>64,747</u>
<b>Total W</b>	<b>58,656</b>	<b>259,954</b>	<b>268,676</b>		<b>4,400,166</b>	<b>5,232,674</b>