1	Q.	Please illustrate NLH's respor	se to PUB 133 using a numerical example of
2		the process to develop rates f	or the rate classes NLH identifies. Where rates
3		do not equal targeted unit cos	ts as calculated in the cost of service model,
4		please discuss in detail the sp	ecific rate design factors, considerations, or
5		constraints that would cause t	his to be the case.
6			
7			
8	Α.	PUB-133 NLH outlines rate de	esign criteria for Isolated Systems Government
9		accounts and Rural Labrador	Interconnected demand metered classes.
10			
11		Isolated System Government	Accounts
12		For demand metered classes	on Isolated System the costs are as follows:
13			
14		Demand(\$/kW) 28	01
15		Energy (\$/kWh) 0.3	5315
16		Customer(\$/Bill) 57	27
17			
18		The billing units for Governme	nt Departments are: (see also PUB-113 NLH
19		Page 3)	
20			
21		Demands(kW) 48	16
22		Energy(MWhs) 13	87
23		Annual Bills 192	2
24			
25		Allocated Costs for demand m	netered
26			
27		Demand Costs = 4816	* 28.01 = \$134,896
28		Energy Costs = 138700	00 * 0.35315 = \$ 489,819

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1	Customer Costs = $192 * 57.27 = $10,996$
2	Total = \$ 635,711
3	
4	Rates developed in order to collect the above costs are adjusted in order to
5	account for discounts:
6	
7	Demand(\$/kW) 28.01
8	Energy (\$/kWh) 0.35830
9	Customer(\$/Bill) 57.84
10	
11	The revenue collected using these rates is \$ 635,714. The detailed monthly
12	calculations are shown in PUB-30 NLH pages 6 and 7.
13	
14	Rural Labrador Interconnected
15	For Labrador Interconnected the customer costs for demand metered
16	classes are in the range of \$45. The energy costs are approximately 0.2ϕ
17	per kWh and demand costs range from \$4 to \$7. Hydro does not presently
18	have a customer charge component for demand metered classes on the
19	Labrador Interconnected system and none is proposed since Hydro believes
20	the energy rate should reflect a higher price signal than the cost of 0.2¢ per
21	kWh, which is very low. There are presently different rate levels for the same
22	rate classes in Labrador East and West and Hydro's proposal is to have one
23	combined rate while mitigating customer rate impacts. Hydro is also
24	targeting revenue to cost coverages within the 105%-115% range for these
25	customers. It is presently in the 137% - 163% range.
26	
27	At the last rate hearing Hydro was able to achieve the same demand rates
28	for both Labrador East and West general service customers. This rate
29	component remained at current levels while adjusting the energy component

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1	in order to have the same rates for all general service customers on the
2	Labrador Interconnected system. Instead of using the individual rate
3	components the average rate per kWh was used to determine the revenue
4	requirement for each class for each year as shown PUB-35 NLH and PUB-
5	113 NLH.