1	Q.	Please illustrate NLH's response to PUB 134 using numerical examples of
2		the process to develop rates for the rate classes NLH identifies. Please
3		include a discussion how NLH designs rates to recover demand related costs
4		reported in the cost of service analysis. Furthermore, where basic or energy
5		charges are less than their corresponding unit costs as calculated in the cost
6		of service model, please discuss in detail the specific rate design factors,
7		considerations, or constraints that would cause this to be the case.
8		
9	Α.	PUB-134 NLH outlines rate design criteria for Isolated System Government
10		accounts and Rural Labrador Interconnected non-demand metered classes.
11		
12		Isolated Systems Government Accounts
13		For Domestic classes on the Isolated system the costs are as follows:
14		
15		Energy (\$/kWh) 0.59891
16		Customer(\$/Bill) 29.72
17		
18		The billing units for Government Departments are: (see also PUB-113 NLH
19		Page 3)
20		
21		Energy(MWhs) 351
22		Annual Bills 264
23		
24		Allocated Costs
25		
26		Energy Costs = 351000 *0.59891 = \$ 210,217
27		Customer Costs = 264 * 29.72 = \$ 7,846
28		Total = \$ 218,063

1	
2	Rates developed in order to collect the above costs are adjusted in order to
3	account for discounts:
4	
5	Energy (\$/kWh) 0.60112
6	Customer(\$/Bill) 29.83
7	
8	The revenue collected using these rates is \$ 218,063. The detailed monthly
9	calculations are shown in PUB-30 NLH page 2.
10	
11	Rural Labrador Interconnected
12	For Rural Labrador Interconnected the customer costs for non-demand
13	metered classes are \$26 for domestic and \$29 for small general service.
14	The demand and energy costs, were they to be collected in the energy
15	charge, are approximately 2ϕ per kWh. There are presently different rate
16	levels for the same rate classes in Labrador East and West and Hydro's
17	proposal is to have one combined rate while mitigating customer rate
18	impacts. Hydro is also targeting revenue to cost coverages within the 95% -
19	110% range for these customers. It is presently in 79% - 89% range.
20	
21	If Hydro's rate proposal is accepted, the basic customer charge at the end of
22	the implementation period in 2008 will be in the range of \$8 - \$10. This
23	results in an energy charge in the order of 3ϕ per kWh for Domestic
24	customers and $5\phi - 6\phi$ per kWh for small General Service customers. Hydro
25	believes this is a reasonably balanced rate proposal. Instead of using the
26	individual rate components the average rate per kWh was used to determine
27	the revenue requirement for each class for each year as shown PUB-35 NLH
28	and PUB-113 NLH.