1	Q.	Re: NERA July 2006 Report, Table 7: Please provide all assumptions, billing
2		determinants and calculations in support of Table 7, including the
3		determination of the 4500 MWh per customer (and how this relates to the
4		50,000 MWh per month total class block size).
5		
6		
7	A.	Please see attached. Table 7 (and Table 6) from the NERA July 2006 report
8		contain illustrative calculations only with respect to class block size and the
9		customers' average. NERA recognized the diversity of Hydro's industrial
10		customers' power requirements and the corresponding need to customize
11		block size to control adverse bill impacts. Class revenue requirement
12		remains unchanged regardless of the assumptions regarding block sizes and
13		peak billing.

Table 7: Illustrative Industrial Energy/Demand Tariffs

Second Block and Demand Rates:

6

			Α		В		С		D	
		Energy/Demand Rates								
								Winte	er Off-	
						Winte	er Peak	Peak		
Line						Dema	and	Dema	and	
No	With Class Revenue Equal to:		First Block Price		Second Block Price		Charge		Charge	
		(2007\$ pe					(2007\$ pe		er kW/mo)	
1	Forecast 2007 Revenue	\$	0.0277	\$	0.0847	\$	1.67	\$	0.43	
	EPMC Revenue using 2007-2011 Average									
2	Marginal Costs	\$	0.0399	\$	0.0847	\$	1.67	\$	0.43	
	Assumptions:									
3	Illustrative 50,000 MWh per month class first block				50,000					
4	Illustrative customers				11					
5	Rounded average MWh per customer				4,500	Line	3/Line 4			

Table 25A, Page 38, NERA May 2006 Report

IC 161 NLH 2006 NLH General Rate Application Page 3 of 4

First Block Rates:

March 2006 Forecast 2007 Revenue

Line

No	Total Revenue Requirement				
	Demand Revenue	kW	\$/kW	Revenue	
1	Winter Peak	456,060	1.67	\$ 761,621	Note 1
2	Total Demand			\$ 761,621	
		kWh	\$/kWh	Revenue	
3	First Block Revenue	600,000,000	0.0277	\$ 16,620,000	Page 2 of 4, Line 3*12
4	Second Block Revenue	314,600,000	0.0847	26,646,620	Load Foreacst kWh 914,600,000 - Line 3 kWh
5	Energy Revenue			\$43,266,620	_
6	Total Revenue			\$44,028,241	_
					-
7	Revenue Requirement			\$44,022,436	March 2006 Forecast 2007 Revenue
8	Revenue from Demand and Second Block			27,408,241	Lines 2 and 4
9	Revenue Required from First Block			\$ 16,614,195	Line 7-Line 8
10	First Block kWh			600,000,000	Line 3*12
11	First Block Rate (\$ per kWh)			0.0277	Line 9/Line 10

Note 1

Hourly forecast of industrial loads for seven days of the week and the 12 months analyzed to determine winter peak and off-peak kW.

First Block Rates:

Line

EPMC Revenue using 2007-2011 Average Marginal Costs

No	Total Revenue Requirement				
	Demand Revenue	kW	\$/kW	Revenue	
1	Winter Peak	456,060	1.67	\$ 761,621	Note 1
2	Winter Off-Peak	457,632	0.43	\$ 196,782	Note 1
	Total Demand			\$ 958,403	Lines 1 and 2
3		kWh	\$/kWh	Revenue	
4	First Block Revenue	600,000,000	0.0399	\$ 23,940,000	Page 2 of 4, Line 3*12
5	Second Block Revenue	314,600,000	0.0847	26,646,620	Load Foreacst kWh 914,600,000 - Line 4 kWh
6	Energy Revenue			\$ 50,586,620	
	Total Revenue			\$ 51,545,023	
7					-
					Revenue using 2007-2011 Average Marginal
8	Revenue Requirement			\$51,545,024	Costs
9	Revenue from Demand and Second Block			27,605,023	Lines and 5
10	Revenue Required from First Block			\$ 23,940,001	Line 8-Line 9
11	First Block kWh			600,000,000	Line 3*12
12	First Block Rate (\$ per kWh)			0.0399	Line 10/Line 11

Note 1

Hourly forecast of industrial loads for seven days of the week and the 12 months analyzed to determine winter peak and off-peak kW.