

1   Q.    Please provide a detailed breakdown of the cost increases in each line item  
2           that result in the 8.2% increase for Industrial Customers and the percentage  
3           of each item.

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6   A.    Please see response to IC 36 NLH for the calculation of the 8.2%, and the  
7           details of the Rate Stabilization Plan's impact on the percentage increase.  
8           Please see response to IC 34 NLH for the calculation of Specifically  
9           Assigned Charges.

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11           The demand and energy Industrial Customer revenue requirement amounts,  
12           and their derivations are shown on Schedule 3.2A of the 2007 Forecast Cost  
13           of Service, (Exhibit RDG-1, Pages 37 and 38 of 108).

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15           The comparison of the 2007 and 2004 Island Interconnected Revenue  
16           Requirement is attached.

**NEWFOUNDLAND & LABRADOR HYDRO**  
**2004 and 2007 Forecast Cost of Service**  
**Island Interconnected Revenue Requirement**

	1	2	3	
Line No.	Description	2004 Cost of Service (\$)	2007 Cost of Service (\$)	Increase (Decrease) (\$)
	<b>Expenses</b>			
1	Operating, Maintenance and Admin.	70,782,735	75,352,030	4,569,295
2	Fuels - No. 6 Fuel	84,022,064	142,972,376	58,950,312
3	Fuels - Diesel	50,496	75,888	25,392
4	Fuels - Gas Turbine	262,563	458,678	196,115
5	Power Purchases -CF(L)Co	-	-	-
6	Power Purchases - Other	29,913,464	33,614,519	3,701,055
7	Depreciation	27,669,282	32,731,850	5,062,568
	<b>Expense Credits:</b>			
8	Sundry	(356,280)	(429,208)	(72,928)
9	Building Rental Income	(7,200)	0	7,200
10	Tax Refunds	-	-	-
11	Suppliers' Discounts	(17,814)	(27,735)	(9,921)
12	Pole Attachments	(883,099)	(1,015,264)	(132,165)
13	Secondary Energy Revenues	-	-	-
14	Wheeling Revenues	(196,107)	(42,051)	154,056
15	Application Fees	(19,452)	(13,296)	6,156
16	Meter Test Revenues	(53,319)	0	53,319
17	<b>Total Expense Credits</b>	<b>(1,533,271)</b>	<b>(1,527,554)</b>	<b>5,717</b>
18	<b>Subtotal Expenses</b>	<b>211,167,333</b>	<b>283,677,787</b>	<b>72,510,454</b>
19	Disposal Gain/Loss	1,096,463	1,657,000	560,537
20	<b>Subtotal Rev Req't Excl Return</b>	<b>212,263,796</b>	<b>285,334,787</b>	<b>73,070,991</b>
21	Return on Debt	94,848,137	97,859,494	3,011,357
22	Return on Equity	8,799,587	9,025,410	225,824
23	<b>Total Revenue Requirement</b>	<b>315,911,519</b>	<b>392,219,691</b>	<b>76,308,172</b>