

1 Q. **Regulatory Compound & Rate Increase**

2 References:

- 3 (i) NLH 2017 GRA, Evidence, chapters 1 & 5, pages 1.7 & 5.16, tables 1-1
 4 & 5-2
- 5 (iii) NLH 2017 GRA, Evidence, chapter 5, page 5.1
- 6 (iv) NLH 2017 GRA, Evidence, chapter 5, page 5.14, table 5-1
- 7 (v) NLH 2017 GRA, Evidence, chapter 5, page 5.34

Table 1-1 Proposed Average Interim and Final Rate Changes by Customer Class (%)⁷

Customer Class	Interim 2018 TY Increase Relative to July 1, 2017 Rates	2019 TY Increase Relative to January 1, 2018 Interim Rates
Newfoundland Power – Wholesale	9.7	9.4
Newfoundland Power – Retail	6.6	6.4
Island Industrial	6.2	7.2
Labrador Interconnected	5.9	6.5
Labrador Industrial Transmission	15.0	28.5 ⁸
Hydro Rural Government Diesel	9.0	12.7
Hydro Rural Other ⁹	6.6	6.4

- 8 (i)
- 9 (ii) « On the Labrador Interconnected System, Hydro serves approximately 11,200
 10 Rural Customers and two Industrial Customers: the Iron Ore Company of Canada
 11 (IOC) and the Wabush Mines facility.»

Table 5-1 Required Increase in Customer Billings to Recover Revenue Requirement¹⁶

Customer Class	2018 TY Increase Relative to July 1, 2017 Rates		2019 TY Increase Relative to July 1, 2017 Rates	
	\$ million	%	\$ million	%
Newfoundland Power	58.2	14.1	72.0	17.4
Island Industrial	3.8	9.6	4.8	11.9
Rural Labrador Interconnected	1.4	7.1	2.4	11.6
Labrador Industrial Transmission	0.9	19.7	2.1	44.9
Hydro Rural Government Diesel	0.2	10.4	0.5	22.0
Hydro Rural Other ¹⁷	5.7	9.6	6.9	11.8
Total	70.0		88.6	

- 12 (i)
- 13 (ii) « Hydro has two mining facilities served on the Labrador Industrial rates, IOC and
 14 Wabush Mines. IOC's Power on Order is forecast to be 245.0 MW for 2018.

1 *Wabush Mines is currently not operational but still using a minimal amount of*
2 *demand. »*

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4 Considering that in its Application NLH forecasts that Wabush Mines only consumes
5 a minimal amount of power in 2018 and 2019, please confirm that 99%, if not all, of
6 the successive Interim 2018 increase of 15% and the Final 2019 increase of an
7 additional 28.5% of the Labrador Industrial Transmission rate is expected to be paid
8 by IOC?

9

10

11 A. IOC's test year forecast demand is in excess of 99% of the total demand for
12 the Labrador Industrial rate class. As such, Hydro forecasts that a
13 corresponding portion of the 2018 and 2019 revenue requirements will be
14 recovered from IOC.