

1 Q. (Exhibit 13 – 2013 Cost of Service Study)
2 Please provide a detailed explanation setting out Hydro's basis for the rate
3 increases proposed for its Labrador Isolated System customers by making reference
4 to revenue requirement changes on that system.

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7 A. Please see CA-NLH-090 Attachment 1 (Rev 1) for a comparison of the 2007 and
8 2015 Labrador Isolated costs.¹ Explanations are provided for the more material
9 increases in the system's revenue requirement.

¹ The original response to this RFI was erroneously provided as the Labrador Interconnected System. The revised attachment reflects the correct response and is updated to 2015.

Newfoundland and Labrador Hydro
Rural Labrador Isolated Revenue Requirement

Line No		2007 Test Year (\$)	2015 Test Year (\$)	Increase (Decrease) (\$)	Explanation
	Revenue Requirement				
	Expenses				
1	Operating, Maintenance and Admin.	11,000,070	14,032,074	3,032,004	Please see Section 2.4 of Hydro's evidence.
2	Fuels - No. 6 Fuel	-	-	-	
3	Fuels - Diesel ¹	8,264,187	15,565,900	7,301,713	Primarily due to higher fuel prices in addition to increased demand on L'Anse au Loup System due to switch to electric heat.
4	Fuels - Gas Turbine	-	-	-	
5	Power Purchases - CF(L)Co	-	-	-	
6	Power Purchases - Other	43,555	-	(43,555)	
7	Depreciation	2,207,562	2,620,505	412,943	Change in depreciation primarily a result of capital asset additions offset by service life increases per P.U. 40(2012).
	Expense Credits:				
8	Sundry	(63,625)	(66,827)		
9	Building Rental Income	-	-		
10	Tax Refunds	-	-		
11	Suppliers' Discounts	(4,111)	(10,411)		
12	Pole Attachments	(94,924)	(105,320)		
13	Secondary Energy Revenues	-	-		
14	Wheeling Revenues	-	-		
15	Application Fees	(2,160)	(1,472)		
16	Meter Test Revenues	-	(215)		
17	Total Expense Credits	(164,821)	(184,245)	(19,424)	
18	Subtotal Expenses	21,350,553	32,034,234	10,683,681	
19	Disposal Gain/Loss	55,000	273,138	218,138	
20	Subtotal Rev Req Excl Return	21,405,553	32,307,372	10,901,819	
21	Return on Debt	2,179,706	2,915,201	735,494	
22	Return on Equity	-	1,109,554	1,109,554	Per OC2009-063, Hydro is entitled to earn an equity return on its rural assets.
23	Total System Revenue Requirement	23,585,259	36,332,126	12,746,867	

1) Includes Power Purchases.