

1 Q. (Brockman June 4, 2015 Pre-filed Evidence, page 18, lines 8 to 9) Mr. Brockman  
2 states "it may be appropriate at this time for Hydro to consider rate design solutions  
3 to moderate the rate impact on the Labrador Interconnected customers". Can Dr.  
4 Wilson propose any rate design solutions for the Board's consideration that would  
5 mitigate the impact of a 27.8% rate increase (see Amended 2013 GRA, Volume I,  
6 page 4.7, lines 18 to 21)?  
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9 A. The large rate increase for the Labrador Interconnected System is eliminated in the  
10 Amended GRA by allocating The Rural Deficit in proportion to revenues rather than  
11 billing determinants. The now-proposed revenue allocation results in only a 2.1% rate  
12 increase for the Labrador Interconnected System instead of a 28.1% increase using billing  
13 determinants. This proposed re-allocation of the Rural Deficit also causes NP's rate  
14 increase to change from 2.1% to 2.8%.