

1 Q. **Re: NLH Evidence, Section 4, page 4.3 to 4.5**

2 Please explain the justification for the first block rate (2.786 cents/kWh) in the  
3 proposed NP rate, presenting all assumptions necessary to reproduce the  
4 calculations.

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7 A. [ ]

8 In the Hydro's Amended Application, the first energy block rate of \$0.03411/kWh  
9 was designed to recover 100% of the non-fuel energy revenue and customer costs.

10 The second energy block rate of \$0.11622/kWh recovers Holyrood fuel costs, the  
11 rural deficit and the unrecovered portion of demand costs. The assumptions  
12 necessary to reproduce the calculations are included in Hydro's cost of service  
13 study, Exhibit 13, Section 1.4, page 1 of 1.