

1 Q. Re: NLH Evidence, Section 4, page 4.26, lines 7-9.

2 It is stated, "The diesel unit cost variation will be allocated between NP and
3 Labrador Interconnected Rural Customers in the same proportion as the rural
4 deficit was allocated in the approved Test Year Cost of Service Study."

5 Please summarize the calculation and allocation of the rural deficit, providing
6 specific references to the cost of service study.

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9 A. The detailed calculation and allocation of the rural deficit is shown in Exhibit 13,
10 Schedule 1.2, Page 1. The total rural deficit is \$64,070,303 (Line 14, Column 5), of
11 which \$2,408,108 (Line 8, column 5), or 3.76% is allocated to the Labrador
12 Interconnected System. This amount is based on Hydro's proposed Rural Deficit
13 Allocation methodology described in Section 4.3.1 of Hydro's Amended Application.