

1 Q. Re: CA-NLH-087

2 The response states: "IOCC is a non-regulated customer served, in part, by Hydro's
3 regulated transmission infrastructure in the Labrador Interconnected System. To
4 ensure that regulated customers pay only their share of costs, IOCC's load supplied
5 by Hydro is assigned costs in the same manner as an Industrial Customer on the
6 Island Interconnected System. The customer is allocated its share of generation and
7 transmission costs based upon Hydro's approved Cost of Service methodology."
8 Please explain in what way IOCC is a non-regulated customer, if it is allocated its
9 share of generation and transmission costs based upon Hydro's approved Cost of
10 Service methodology.
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13 A. IOCC is a non-regulated customer in the sense that the rates that Hydro charges to
14 IOCC are not set by the Board. Under subsection 7(b) of the *Churchill Falls*
15 *(Labrador) Corporation Limited (Lease) Act, 1961*, SNL1961 Chapter 51, the *Public*
16 *Utilities Act* does not apply to the sale by Hydro of Churchill Falls hydro-electric
17 power to this customer, among some others.
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19 Notwithstanding that rates charged to IOCC are not set by the Board, Hydro uses its
20 normal Cost of Service principles to allocate costs to this customer. This ensures
21 that rates paid by Hydro's regulated customers do not cross subsidize the provision
22 of service to IOCC.