

1 Q. Re: IN-NLH-132, p. 2 of 2

2 "For the purposes of this scenario, Hydro has assumed that all of the rural deficit
3 would be assigned to NP."

4 For Labrador Interconnected rates, the difference between the column "Proposed
5 Average Increase (Decrease)" and the column "Average Increase (Decrease)
6 assuming Rural Deficit removed from Labrador Interconnected Rates" ranges from
7 27.5% (General Service 10-100 kW) to 58.4% (Street and Area Lighting). For the
8 other systems, the difference is under 2%.

9 Please explain why the consequences of the rural deficit for Labrador
10 Interconnected Customers is so large.

11 Please prepare a similar table in which it is assumed that all of the rural deficit
12 would be assigned to Labrador Interconnected Customers.

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15 A. []

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17 A review of rural deficit allocation methodology and the large impact on the
18 Labrador Interconnected System is provided in Section 4.3.1 in the Evidence to the
19 Amended Application.

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21 If the entire rural deficit of \$64.1 million was assigned to the Labrador
22 Interconnected System, an overall increase to the Labrador Interconnected System
23 revenue requirement of 309.0% would be required.