

1 Q. **Re: PUB-NLH-392, Attachment 1**

2 Please:

- 3 • Provide the source and detailed calculation (when appropriate) for each of the
4 figures found on lines 5-8 of PUB-NLH-392, Attachment 1 (Unit Costs of Deficit);
- 5 • Explain in detail why the number of Labrador customers used to calculate the
6 Unit Costs of Deficit (11,600) is identical to the actual number of Labrador
7 Interconnected Customers (line 20), but the number of NP customers used to
8 calculate the Unit Costs of Deficit (8,029) is only a small fraction of the number
9 of NP customers (260,771, on line 23);
- 10 • Provide the detailed calculations for the specifically assigned costs that have
11 been converted to equivalent unweighted customers, in calculating the
12 Customer portion of the Unit Costs of the Deficit (lines 5 and 7), and
- 13 • Provide an alternate version of Attachment 1, using the actual number of NP
14 customers to calculate the Unit Costs of the Deficit (line 5).

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17 A. (i) The source and detailed calculation (when appropriate) for each of the figures
18 found on lines 5 to 8 of Hydro's response to PUB-NLH-392 Attachment 1 (Unit Costs
19 of Deficit) are as follows:

20

21 Newfoundland Power

22 CP of 1,296,985 kW: Exhibit 13, Schedule 3.1A, Page 1, Col 3, Line 1

23 MWH of 6,118,065: Exhibit 13, Schedule 3.1A, Page 1, Col 4, Line 1

24 Customers of 8,029: Refer to the Table below:

Newfoundland Power - Equivalent Unweighted Customers Calculation

<u>Line No.</u>		<u>Description</u>	<u>Source</u>
1	\$ 12,800,038	Island Rural Customer Costs	Schedule 1.3.1, Page 1 of 3, Line 12, Column 5
2	23,729	No. of Island Rural Customers	Schedule 1.3.2, Page 1 of 3, Line 12, Column 4
3	\$ 539.43	Cost per Rural Customer	Line 1 / Line 2
4	\$ 4,330,885	NP Customer Costs	Schedule 1.3.1, Page 1 of 3, Line 1, Column 5
5	8,029	Equivalent Unweighted Customers *	Line 4 / Line 3

* Specifically assigned costs are converted to equivalent unweighted customers by dividing the assigned cost by the allocated customer cost per unweighted customer.

Refer also to Hydro's response to PUB-NLH-483 for a further explanation of the Equivalent Unweighted Customers calculation.

Rural Labrador Interconnected

CP of 158,171 kW: Exhibit 13, Schedule 3.1E, Page 1, Col 3, Line 11

MWH of 740,254: Exhibit 13, Schedule 3.1E, Page 1, Col 4, Line 11

Customers of 11,600 Exhibit 13, Schedule 3.1E, Page 1, Col 8, Line 11

(ii) Hydro's responses to LWHN-NLH-011 and LWHN-NLH-024 provides a detailed explanation of the reason the number of Labrador customers used to calculate the Unit Costs of Deficit is identical to the actual number of Labrador Interconnected Customers, but the number of Newfoundland Power (NP) customers used to calculate the Unit Costs of Deficit is only a small fraction of the number of NP customers. Note that these responses were based on Hydro's original GRA filing, and although there has been a marginal change in the number of customers, the basis of the explanation remains the same. Refer also to the response to Hydro's response to PUB-NLH-483.

(iii) Hydro's response to LWHN-NLH-011 provides a detailed explanation of the basis of NP's specifically assigned cost and Hydro Rural Labrador Interconnected customer costs. Note that this response was based on Hydro's original GRA filing, and although there has been a marginal change in NP's specifically assigned cost and Hydro Rural Labrador Interconnected customer costs, the basis of the explanation remains the same.

(iv) Using the actual number of NP customers to calculate the Unit Costs of the Deficit (line 5) would result in the Island Interconnected System being allocated \$1,277,310 rather than \$545,707 of the Rural Deficit and Labrador Interconnected being allocated \$56,818 than \$788,422. The calculations using the actual number of NP customers are shown in the IN-NLH-306 Attachment 1.

NEWFOUNDLAND AND LABRADOR HYDRO
2015 Test Year Cost of Service
Total System
Rural Deficit Allocation

	1	2	3	4	5	6
Before Deficit and Revenue Credit Allocation						
Line No.	Rate Class	Allocated Revenue Reqt (\$)	Demand (\$)	Energy (\$)	Customer (\$)	Source
CLASSIFICATION TO DEMAND, ENERGY, CUSTOMERS:						
1	Newfoundland Power	463,656,437	153,910,805	305,414,747	4,330,885	COS Schedule 1.3.1, p. 1
2	Rural Labrador Interconnected	18,107,285	11,073,770	1,332,693	5,700,823	COS Schedule 1.3.1, p. 3
3	Total	481,763,722	164,984,575	306,747,440	10,031,707	
4	Deficit Classified	64,070,303	21,941,486	40,794,690	1,334,128	Prorated on Line 3
UNIT COSTS OF DEFICIT:						
Island Interconnected:			CP kW	MWH	Customers *	
5	Newfoundland Power		1,296,985	6,118,065	260,771	
6	Subtotal Island Interconnected		1,296,985	6,118,065	260,771	
Labrador Interconnected:						
7	Rural Labrador Interconnected		158,171	740,254	11,600	
8	Subtotal Labrador Interconnected		158,171	740,254	11,600	
9	Total		1,455,156	6,858,320	272,371	
10	Deficit Unit Costs		\$15.08 \$/KW	\$5.95 \$/MWH	\$4.90 \$/Customer	Line 4 / Line 9

* In response to this request for information, as requested, Newfoundland Power's number of customers is used rather than the equivalent unweighted customers normally derived using the methodology of Mr G.C. Baker and approved by the Board.

NEWFOUNDLAND AND LABRADOR HYDRO
2015 Test Year Cost of Service
Total System
Rural Deficit Allocation

Line No.	1	2	3	4	5	6
		Deficit Allocation				
	Rate Class	Allocated Revenue Reqt (\$)	Demand (\$)	Energy (\$)	Customer (\$)	Source
ALLOCATION OF DEFICIT:						
11	Island Interconnected	57,225,332	19,556,516	36,391,506	1,277,310	Line 6 x Line 10
12	Labrador Interconnected	6,844,972	2,384,970	4,403,184	56,818	Line 8 x Line 10
13	Allocated Totals	64,070,303	21,941,486	40,794,690	1,334,128	
CUSTOMER DEFICIT ALLOCATION:						
		Amount	Percent			
	Island Interconnected:					
14	Newfoundland Power	57,225,332	89.3%			
15	Sub-Total Island Interconnected	57,225,332				
	Labrador Interconnected:					
16	Rural Labrador Interconnected	6,844,972	10.7%			
17	Subtotal Labrador Interconnected	6,844,972				
18	Total	64,070,303	100.0%			