

1 Q. What is the total 2013 capital base of NL Hydro's Labrador Integrated System? How
2 does that break down into the following categories: regulated rate base, non-
3 regulated local customers, and non-regulated exports? Explain the methodology for
4 such an allocation.

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7 A. Please refer to Schedule 1.1 of Exhibit 13 for the Labrador Interconnected rate base
8 of \$91,778,900 for the 2015 Test Year. The capital portion, or average net book
9 value, is \$85,483,442.

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11 Rate base cannot be broken down into the requested categories. Rate base is the
12 basis of the calculation of the return on debt and return on equity components of
13 Hydro's revenue requirement used to allocate costs to customers. The total
14 revenue requirement for the Labrador Interconnected System is \$26,876,733 and is
15 allocated as follows: \$5,429,118 for Labrador Industrial (\$4,041,656 for regulated
16 transmission revenue requirement and \$1,387,463 to be recorded by Hydro as a
17 cost recovery through non-regulated charges); \$932,221 for CFB – Goose Bay
18 Secondary (regulated); and \$20,515,394 for Rural customers (regulated). There is
19 no portion attributable to non-regulated exports.