

1 Q. Is it accurate to say that the ultimate burden of the entire rural deficit is paid by the  
2 retail customers of NL Hydro in the Labrador Interconnected System and the retail  
3 customers of NP, and that this is reflected in those customers' energy rates?  
4  
5

6 A. As shown on Exhibit 13, Schedule 1.2 the total amount of the rural deficit is \$61.7  
7 million which is then reduced by the application of the CFB revenue credit of \$0.9  
8 million resulting in a net rural deficit of \$64.1 million. In the 2015 Test Year the net  
9 rural deficit is allocated as \$61.7 million to be collected in the electricity rates of NP  
10 customers and \$2.4 million to be collected in the electricity rates of Rural Labrador  
11 Interconnected Customers. This amount is based on Hydro's proposed Rural Deficit  
12 Allocation methodology described in Section 4.3.1 of the Evidence to Hydro's  
13 Amended Application.