

1 Q. Further to response to Requests for Information NP-NLH-101 and NP-NLH-034:
2 The customers of the L'Anse Au Loup System pay materially less for electricity than
3 the customers on the Island Interconnected System. The rural deficit for the L'Anse
4 Au Loup System has increased from \$1.6 million in the year 2000 to \$3.0 million in
5 2012 and the 2013 Test Year revenue to cost ratio is forecast to be 45%.
6 Does Lummus Consultants believe maintaining the current pricing approach for the
7 L'Anse Au Loup System is appropriate? Please provide reasons in the response.

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10 A. L'Anse au Loup is a diesel system with a secondary (non-firm) hydraulic supply from
11 Hydro Québec. As the load for this system continues to grow, with an attendant
12 increase in electric heat, additional firm diesel resources are planned to meet the
13 winter demand. The principal reason for the increasing rural deficit for this system
14 is that for many years customers have been paying the lower Island Interconnected
15 rates on a diesel system. Lummus Consultants believes that consideration should
16 be given to revising the rates for L'Anse Au Loup customers but understands that
17 this is more within the purview of Government. If rates are revised in this area,
18 consideration should be given to the fact that many customers have now installed
19 electric heating, therefore it may be appropriate that some adjustment or phase-in
20 period would be necessary.