

1 Q. Please confirm that current Labrador Interconnected Rural customer rates fully  
 2 reflect the 2007 test year cost of serving those customers, including an allocation of  
 3 the rural deficit based on the currently-approved allocation methodology. In the  
 4 response, please provide the amount of the rural deficit, cost of service and any  
 5 credit associated with CFB Goose Bay that is included in current rates.

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8 A. Since the implementation of the standard rate structure for customers on the  
 9 Labrador Interconnected System as of January 1, 2011, Labrador Interconnected  
 10 Rural customer's rates fully reflect the 2007 Test Year cost of serving those  
 11 customers, including an allocation of the Rural Deficit based on the currently-  
 12 approved allocation methodology. Effective January 1, 2011, the CFB Goose Bay  
 13 Credit would also have been fully phased-out from being applied to the Labrador  
 14 Interconnected System, and applied fully to offset the Rural Deficit before  
 15 allocation.

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2007 Cost of Service		\$ 11,151,779
Rural Deficit	\$ 44,149,803	
CFB Credit	\$ (4,560,334)	
Rural Deficit Less CFB Credit	\$ 39,589,470	
Rural Deficit Allocation (10.90%)		\$ 4,315,252
Cost of Service Including Deficit Allocation		<u>\$ 15,467,031</u>