

1    Q.    **2013 General Rate Application, Rural Rates**

2            What is the impact on Newfoundland Power's domestic customers in 2014 of the  
3            allocation of the rural deficit to Newfoundland Power?

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6    A.    Hydro is unable to provide detailed information on the impact on Newfoundland  
7            Power's domestic customers in 2015 of the allocation of the rural deficit to  
8            Newfoundland Power, as Newfoundland Power determines how the rural deficit is  
9            allocated to its customer rate classes. However, Schedule 1.2, page 2 of 6 of  
10          Hydro's 2015 Cost of Service Study, filed as Exhibit 13 to Hydro's Amended  
11          Application, shows that the rural deficit comprises approximately 12 percent of the  
12          total revenue requirement, after deficit allocation and revenue credit allocation, for  
13          Newfoundland Power.

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15          For NP customers, the cost of purchases from Hydro comprises approximately 68%  
16          of total costs. Therefore, the percent impact of the Rural Deficit on the bills of NP's  
17          customers under proposed rates is approximately 8% (i.e., 68% times 12% at  
18          wholesale basis).