

1 Q. **2013 General Rate Application, Cost of Service**

2 The proposed increase to domestic customers in the Labrador Isolated System is
3 0.9%, as shown on the table at page 3 of Hydro's correspondence dated July 30,
4 2013. However, footnote 3 states that after the subsidy is considered, the average
5 rate increase will be 20.4%. Provide a more detailed explanation of this rate
6 increase, including all of the data and calculations that show how the proposed
7 increase of 0.9% will result in a 20.4% increase with the subsidy.

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10 A. Based on Hydro's Amended Application, the average rate increase for the Labrador
11 Isolated System domestic customers (given consideration to the Northern Strategic
12 Plan subsidy) is 11.4%. Please see the following table and PUB-NLH-107
13 Attachment 1 (Revision 1).

Description	Rate Change %
Approved 2007 rate increase of 15% on non-lifeline energy consumption deferred by Government subsidy ¹	15%
Deferred rate increase of 15% expressed as a rate increase using all energy consumption ²	4.2%
Estimated Island Interconnected rate increase ³	2.8%
Proposed increase to residential customers in the Labrador Isolated System ⁴	7.1%
Increase after applying NSP, that is, increasing the Lifeline Block consumption by approximately 1.9%, the rate increase proposed for Labrador Interconnected Domestic Class ⁵	11.4%

¹ Evidence, Page 4.41, Lines 12 – 20.

² Attachment 1, Page 1, Line 2, Column A

³ Evidence Page 4.40, Line 10 – 14

⁴ Attachment 1, Page 1, Line 9, Column A

⁵ Attachment 1, Page 1, Line 17, Column A

Newfoundland and Labrador Hydro
Labrador Isolated Detailed Rate Change Explanation

Line No.		A
Revenues		
1	Revenues at existing rates, effective July 1, 2014	\$ 2,840,160
2	15% deferred rate Increase ¹	4.2%
3	=ln1*(1+ln2) Revenues at existing rates including 15% deferred rate increase	\$ 2,959,731
4	Proposed GRA rate increase	2.8%
5	=ln3*(1+ln4) Revenue at proposed rates	\$ 3,042,456
Change in Revenue		
6	=ln1 Revenues at existing rates, effective July 1, 2014	\$ 2,840,160
7	=ln5 Revenue at proposed Rates	\$ 3,042,456
8	=ln7-ln6 Change in revenue	\$ 202,295
9	=ln8/ln6 Percentage change in revenue	7.1%
Including Rebates - Charge to Customers		
10	=ln1 Revenue at existing Rates	\$ 2,840,160
11	=Pg2 ln9 Rebate at existing rates	\$ 1,484,593
12	=ln10-ln11 Charge to customers	\$ 1,355,568
13	=ln5 Revenue at proposed rates	\$ 3,042,456
14	=Pg2 ln9 Rebate at proposed rates	\$ 1,532,483
15	=ln13-ln14 Charge to customers	\$ 1,509,973
16	=ln15-ln12 Change in charge to customers	\$ 154,405
17	=ln16/ln12 Percentage change in charge to customers	11.4%

Notes

¹ The deferred 15% increase applies to the second and third block energy charges only. The total increase represents an increase in overall revenue of 4.21%.

Newfoundland and Labrador Hydro
Labrador Isolated Detailed Rate Change Explanation

Line
No.

Total Northern Strategic Plan Rebate Calculation

		Billing Determinant	Rebates Existing	Rebates Proposed
1	=ln10 and ln12	Basic Customer Charge (\$/bill)	8.53	8.83
2	=ln11 and ln13	Energy (\$/kWh)	0.07898	0.08149
3		Number of Bills	24,528	24,528
4	=ln1	Basic Rebate	8.53	8.83
5	=ln3*ln4	Subtotal	\$ 209,224	\$ 216,582
6		kWh's Rebated	16,148,000	16,148,000
7	=ln2	\$/kWh	0.07898	0.08149
8	=ln6*ln7	Subtotal	\$ 1,275,369	\$ 1,315,901
9	=ln5+ln8	Total	\$ 1,484,593	\$ 1,532,483

Northern Strategic Plan Rebate Rate Calculation

		<u>Existing Rebates</u>	Island Interconnected Existing Rates	Labrador Interconnected Existing Rates	Rebate
10		Basic Customer Charge (\$/bill)	15.68	7.15	8.53
11		Energy (\$/kWh)	0.11178	0.03280	0.07898
		<u>Proposed Rebates ¹</u>	Island Interconnected Proposed Rates	Labrador Interconnected Proposed Rates	Rebate
12		Basic Customer Charge (\$/bill)	16.12	7.29	8.83
13		Energy (\$/kWh)	0.11490	0.03341	0.08149

Notes

- ¹ -Existing rates are those in effect as at July 1, 2014.
 -Proposed rates for Island Interconnected are those in effect as at July 1, 2014 plus 2.8%.
 -Proposed rates for Labrador Interconnected are those found in the GRA application, which include a 1.9% increase from existing rates .