

- 1     Q.     2013 Amended General Rate Application, November 10, 2014, page 4.8, Section  
2             4.3.1, Rural Deficit Allocation, Table 4.1: Please provide the detailed calculation of  
3             the 2015 Test Year Rural Deficit under the methodology that was used to develop  
4             the table. Also state the number of the customers that are on the Labrador  
5             Interconnected System.  
6  
7  
8     A.     Please see PUB-NLH-392 Attachment 1.

NEWFOUNDLAND AND LABRADOR HYDRO  
2015 Test Year Cost of Service  
Total System  
Rural Deficit Allocation

	1	2	3	4	5	6
Before Deficit and Revenue Credit Allocation						
Line No.	Rate Class	Allocated Revenue Req't (\$)	Demand (\$)	Energy (\$)	Customer (\$)	Source
CLASSIFICATION TO DEMAND, ENERGY, CUSTOMERS:						
1	Newfoundland Power	463,656,437	153,910,805	305,414,747	4,330,885	COS Schedule 1.3.1, p. 1
2	Rural Labrador Interconnected	18,107,285	11,073,770	1,332,693	5,700,823	COS Schedule 1.3.1, p. 3
3	<b>Total</b>	<b>481,763,722</b>	<b>164,984,575</b>	<b>306,747,440</b>	<b>10,031,707</b>	
4	Deficit Classified <sup>1</sup>	64,070,303	21,941,486	40,794,690	1,334,128	Prorated on Line 3
UNIT COSTS OF DEFICIT:						
Island Interconnected:			CP kW	MWH	Customers *	
5	Newfoundland Power		1,296,985	6,118,065	8,029	
6	<b>Subtotal Island Interconnected</b>		<b>1,296,985</b>	<b>6,118,065</b>	<b>8,029</b>	
Labrador Interconnected:						
7	Rural Labrador Interconnected		158,171	740,254	11,600	
8	<b>Subtotal Labrador Interconnected</b>		<b>158,171</b>	<b>740,254</b>	<b>11,600</b>	
9	<b>Total</b>		<b>1,455,156</b>	<b>6,858,320</b>	<b>19,629</b>	
10	Deficit Unit Costs		\$15.08 \$/KW	\$5.95 \$/MWH	\$67.97 \$/Customer	Line 4 / Line 9

\* Specifically assigned costs are converted to equivalent unweighted customers by dividing the assigned cost by the allocated customer cost per unweighted customer.

Rural Customer Costs per Rural Customer:

Island Interconnected: \$539.42  
Labrador Interconnected: \$491.46

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**2015 Test Year Cost of Service**  
**Total System**  
**Rural Deficit Allocation**

Line No.	1	2	3	4	5	6
		Deficit Allocation				
	Rate Class	Allocated Revenue Reqt (\$)	Demand (\$)	Energy (\$)	Customer (\$)	Source
ALLOCATION OF DEFICIT:						
11	Island Interconnected	56,493,728	19,556,516	36,391,506	545,707	Line 6 x Line 10
12	Labrador Interconnected	7,576,575	2,384,970	4,403,184	788,422	Line 8 x Line 10
13	<b>Allocated Totals</b>	<b>64,070,303</b>	<b>21,941,486</b>	<b>40,794,690</b>	<b>1,334,128</b>	

CUSTOMER DEFICIT ALLOCATION:

	Amount (\$)	Percent
Island Interconnected:		
14 Newfoundland Power	56,493,728	88.2%
15 Sub-Total Island Interconnected	56,493,728	
Labrador Interconnected:		
16 Rural Labrador Interconnected	7,576,575	11.8%
17 Subtotal Labrador Interconnected	7,576,575	
18 <b>Total</b>	<b>64,070,303</b>	<b>100.0%</b>

**Support for Table 4.1**

19 Labrador Interconnected Deficit Allocation	\$ 7,576,575
20 Number of Labrador Interconnected Customers	11,600
21 Average Deficit Cost per Customer	<b>\$ 653.15</b>
22 Newfoundland Power Deficit Allocation	\$ 56,493,728
23 Number of Newfoundland Power Customers	260,771
24 Average Deficit Cost per Customer	<b>\$ 216.64</b>

Notes:

1 - Deficit Calculation

Total Cost to Serve Hydro Rural (Excluding Labrador Interconnected)	\$ 131,561,043
Total Revenue from Hydro Rural (Excluding Labrador Interconnected)	\$ (66,578,172)
CFB Revenue Credit	\$ (912,568)
Rural Deficit	<b>\$ 64,070,303</b>