

1 Q. (Rates and Regulation Evidence page 4.14, lines 9 to 13)
2 Please provide an explanation and full accounting of the rural deficit amount, the
3 basis for its assignment to various customers classes and its impact on revenue to
4 cost ratios for each customer class; i.e., the 44% overage in the revenue to cost
5 ratio for the Labrador Interconnected Customers that is stated to be attributable to
6 the portion of the rural deficit allocated to customers on this system.

7
8
9 A. An explanation of the rural deficit and the basis for its assignment to the Island
10 Interconnected and Labrador Interconnected systems is outlined in the Cost of
11 Service Methodology report filed in response to PUB-NLH-113, pages 51 to 62. The
12 2013 Test Year assignment of the rural deficit to the Island Interconnected and
13 Labrador Interconnected systems is shown on Cost of Service Schedule 1.2.1 of
14 Exhibit 13. A full accounting of the 2013 Test Year incurrence and allocation of the
15 rural deficit is shown on Cost of Service Schedule 1.2 of Exhibit 13 by amount (Col 5)
16 and revenue to cost ratio (Col 8).