

1 Q. **Re: NLH Evidence, Section 4, page 4.3 to 4.5**

2 Please explain the justification for the first block rate (2.786 cents/kWh) in the
3 proposed NP rate, presenting all assumptions necessary to reproduce the
4 calculations.

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7 A. The first block rate of \$0.02786/kWh was designed to recover of 100% of the non-
8 fuel energy revenue requirement. The second block rate of \$0.10400 was designed
9 to recover Holyrood fuel costs, the rural deficit and customer-related costs. The
10 assumptions necessary to reproduce the calculations are included in Table 4 (page
11 15) of Exhibit 9.