

1 Q. What is the total 2013 capital base of NL Hydro's Labrador Integrated System? How
2 does that break down into the following categories: regulated rate base, non-
3 regulated local customers, and non-regulated exports? Explain the methodology for
4 such an allocation.

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7 A. Please refer to Schedule 1.1 of Exhibit 13 for the Labrador Interconnected rate base
8 of \$73,610,526. The capital portion, or average net book value, is \$68,556,204.

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10 Rate base cannot be broken down into the requested categories. Rate base is the
11 basis of the calculation of the return on debt and return on equity components of
12 Hydro's revenue requirement used to allocate costs to customers. The total
13 revenue requirement for the Labrador Interconnected System is \$25,302,286 and is
14 allocated as follows: \$2,108,486 for Labrador Industrial (non-regulated local
15 customers); \$877,416 for CFB – Goose Bay Secondary (regulated); and \$22,316,384
16 for Rural customers (regulated). There is no portion attributable to non-regulated
17 exports.