

1 Q. **Re: Response to LWHN-NLH-011.**

2 NL Hydro has indicated that the NP Customer expense figure that is used in the
3 formula for the allocation of the rural deficit is a “derived” number. Please provide
4 a list of the items that give rise to this figure and indicate their locations.

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7 A. The portion of the 2013 Test Year Rural Deficit classified as Customer Costs is
8 \$1,336,761 as shown on Exhibit 13, Schedule 1.2.1, page 1 of 2, line 4. This amount
9 is allocated between Rural Labrador Interconnected and NP based on the number
10 of customers shown on Exhibit 13, Schedule 1.2.1 page 1 of 2, lines 5 and 7 as being
11 10,854 for Rural Labrador Interconnected and it is calculated to be 9,096 NP
12 customers. Hydro referred to the number of NP customers as a “derived” number
13 in that it results from a formula proposed by Mr. G.C. Baker, the Board’s expert
14 during the Cost of Methodology proceeding in 1992/93. The proposed
15 methodology was approved by the Board and is shown in Appendix 1 in the Board’s
16 report resulting from that hearing. Please refer to Hydro’s response to PUB-NLH-
17 113 for a copy of that report.

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19 A list of the items that give rise to the derived number of 9,096 NP customers and
20 the associated references is provided in the response to LWHN-NLH-013.