

Newfoundland and Labrador Hydro (“Hydro”) 2013 General Rate Application

Request for Information from Hydro To Innu Nation

Phillip Raphals

NLH-IN-001 Page 61, Lines 13 to 17: Given that in Order No. P.U. 7(2002-2003), the Board found that the Labrador Interconnected System should be treated as one system for the purpose of setting rates and in Order No. P.U. 14(2004), the Board found that Hydro’s proposals for uniform rates were not unjustly discriminatory, please explain why the Board should approve a rate rider to apply to customers in Labrador West that is not consistent with the Board’s previous decisions on uniform rates on the Labrador Interconnected System.

NLH-IN-002 Page 62, Lines 2 to 8: Schedule 1.3 of Exhibit 13 (pages 11 to 13) shows the average cost of energy on the Labrador Interconnected System is less than 0.2¢ per kWh and the average cost of energy on the Island Interconnected System is approximately 5¢ per kWh. Does Mr. Raphals agree that this average energy cost differential materially influences the percentages that O&M expenses comprise of the total cost of serving each system? If not, why not?

NLH-IN-003 Page 12, Lines 7 to 13 of Mr. Raphals’ Evidence states as follows:

The NP rural deficit per customer increased from \$149 to \$180 (20%), while the LIS rural deficit per customer increased from \$183 to \$582 (218%). Thus, in 2000, LIS customers paid on average 1.2 times as much as NP customers (in current dollars) for the rural deficit. By 2002, this ratio had increased to 3.2.

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I have not been able to fully explain these effects, based on the documents in the file. It would be useful to resolve this question, as the effect of this drastic increase in the LIS share of the rural deficit continues to be felt in the present GRA.

On pages 140 - 141 of Order No. P.U. 7(2002-2003), the Board approved the phase out of the secondary credit from being a direct benefit to the Labrador Interconnected System. The phase out was implemented in customer rates between the period 2007 to 2011. Given that the secondary credit is no longer offsetting the rural deficit allocated to Labrador Interconnected customers, would Mr. Raphals agree that this contributes to the increase in the Labrador Interconnected rates? If not, why not?