

1    Q.    **2013 General Rate Application, Cost of Service**

2       The proposed decrease to residential customers in the L'Anse au Loup System is  
3       3.2%, as shown on the table at page 3 of Hydro's correspondence dated July 30,  
4       2013. However, footnote 4 states that after the subsidy is considered, the average  
5       rate will increase by 4.5%. Provide a more detailed explanation of this rate increase,  
6       including all of the data and calculations that show how the proposed decrease of  
7       3.2% will be an increase of 4.5% with the subsidy.

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10      A.    Please note that the figure 4.5% has been misstated, and should be noted as an  
11       increase of 4.3%.

| <b>Description</b>   | <b>Rate Change %</b> |
|--|----------------------|
| Estimated Island Interconnected rate decrease <sup>1</sup>   | (3.2%)               |
| Increase after applying NSP, that is, increasing the Lifeline Block consumption by approximate 26%, the rate increase proposed for the Labrador Interconnected Domestic Class <sup>2</sup> | 4.3%                 |

12      Please see PUB-NLH-108 Attachment 1.

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<sup>1</sup> Evidence Page 4.4, Line 7

<sup>2</sup> Attachment 1, Page 1, Line 17, Column A

**Newfoundland and Labrador Hydro**  
**L'Anse au Loup Detailed Rate Change Explanation**

**PUB-NLH-108, Attachment 1**

**Page 1 of 3, NLH 2013 GRA**

Line  
No.

**A**

**Revenues**

|                |  |              |
|----------------|--|--------------|
| 1              | Revenue at rate effective July 1, 2012         | \$ 1,778,340 |
| 2              | Forecast July 1, 2013 RSP flow though decrease | -3.0%        |
| 3 =ln1*(1+ln2) | Revenues at existing rates                     | \$ 1,724,990 |
| 4              | Proposed GRA rate decrease                     | -3.2%        |
| 5 =ln3*(1+ln4) | Revenue at proposed rates                      | \$ 1,669,170 |

**Change in Revenue**

|                    |                              |              |
|--------------------|------------------------------|--------------|
| 6 =ln3             | Revenues at existing rates   | \$ 1,724,990 |
| 7 =ln5             | Revenue at proposed Rates    | \$ 1,669,170 |
| 8 =ln7- <b>ln6</b> | Change in revenue            | \$ (55,821)  |
| 9 =ln8/ln6         | Percentage change in revenue | -3.2%        |

**Including Rebates - Charge to Customers**

|                       |  |              |
|-----------------------|--|--------------|
| 10 =ln3               | Revenue at existing Rates                | \$ 1,724,990 |
| 11 =Pg2 ln18          | Rebate at existing rates                 | \$ 599,619   |
| 12 =ln10- <b>ln11</b> | Charge to customers                      | \$ 1,125,372 |
| 13 =ln5               | Revenue at proposed rates                | \$ 1,669,170 |
| 14 =Pg2 ln18          | Rebate at proposed rates                 | \$ 495,504   |
| 15 =ln10- <b>ln11</b> | Charge to customers                      | \$ 1,173,666 |
| 16 =ln15- <b>ln12</b> | Change in charge to customers            | \$ 48,294    |
| 17 =ln16/ln12         | Percentage change in charge to customers | 4.3%         |

**Newfoundland and Labrador Hydro**  
**L'Anse au Loup Detailed Rate Change Explanation**

Line  
No.

|  | A | B | C |
|--|---|---|---|
|--|---|---|---|

**Average 1st Block, or "Life Line Block" Consumption**

From 2012 Actuals (Used to calculate "kWh's Rebated" in ln7 and ln14)

|   | Rate Class | Rebate kWh | # Bills | Average 1st Block |
|---|------------|------------|---------|-------------------|
| 1 | 1.10       | 3,168,070  | 5,089   | 623               |
| 2 | 1.12       | 3,503,195  | 4,319   | 811               |

**Total Northern Strategic Plan Rebate Calculation**

|                 | Billing Determinant     | Rebates at Existing Rates       | Rebates at Proposed Rates |
|-----------------|-------------------------|---------------------------------|---------------------------|
| 3               | <b>Pg3, ln1 and ln3</b> | Basic Customer Charge (\$/bill) | 8.53                      |
| 4               | <b>Pg3, ln2 and ln4</b> | Energy (\$/kWh)                 | 0.07665                   |
| <b>Rate 110</b> |                         |                                 |                           |
| 5               | Number of Bills         | 4,896                           | 4,896                     |
| 6               | =ln3                    | Basic Rebate                    | 8.53                      |
| 7               | =ln5*ln6                | Subtotal                        | \$ 41,763                 |
| 8               |                         |                                 |                           |
| 9               | =ln4                    | kWh's Rebated                   | 3,050,208                 |
| 10              | =ln8*ln9                | \$/kWh                          | 0.07665                   |
| 11              | =ln7+ln10               | Subtotal                        | \$ 233,798                |
| 12              |                         |                                 |                           |
| 13              | =ln3                    | Total                           | \$ 275,561                |
| 14              | =ln12*ln13              |                                 |                           |
| <b>Rate 112</b> |                         |                                 |                           |
| 15              | Number of Bills         | 4584                            | 4584                      |
| 16              | =ln3                    | Basic Rebate                    | 8.53                      |
| 17              | =ln12*ln13              | Subtotal                        | \$ 39,102                 |
| 18              |                         |                                 |                           |
| 19              | =ln14+ln17              | kWh's Rebated                   | 3,717,624                 |
| 20              | =ln4                    | \$/kWh                          | 0.07665                   |
| 21              | =ln15*ln16              | Subtotal                        | \$ 284,956                |
| 22              |                         |                                 |                           |
| 23              | =ln14+ln17              | Total                           | \$ 324,057                |
| 24              | =ln11+ln18              | <b>Grand Total</b>              | <b>\$ 599,619</b>         |
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**Newfoundland and Labrador Hydro**  
**L'Anse au Loup Detailed Rate Change Explanation**

Line  
No.

|  |  | <b>A</b>                                 | <b>B</b>                                 | <b>C</b>      |
|--|--|--|--|---------------|
| <b>Northern Strategic Plan Rebate Rate Calculation</b> |  |  |  |               |
|  | <u><b>Existing Rates</b></u>           | <b>Island</b><br><b>Interconnected</b>   | <b>Labrador</b><br><b>Interconnected</b> | <b>Rebate</b> |
|  | <b>Billing Determinant</b>             | <b>Existing Rates</b>                    | <b>Existing Rates</b>                    |               |
| 1  | Basic Customer Charge (\$/bill)        | 15.68                                    | 7.15                                     | 8.53          |
| 2  | Energy (\$/kWh)                        | 0.10945                                  | 0.03280                                  | 0.07665       |
| <u><b>Proposed Rebates<sup>1</sup></b></u>             |  |  |  |               |
|  | <b>Island</b><br><b>Interconnected</b> | <b>Labrador</b><br><b>Interconnected</b> |  | <b>Rebate</b> |
|  | <b>Billing Determinant</b>             | <b>Proposed Rates</b>                    | <b>Proposed Rates</b>                    |               |
| 3  | Basic Customer Charge (\$/bill)        | 15.17                                    | 9.02                                     | 6.15          |
| 4  | Energy (\$/kWh)                        | 0.10591                                  | 0.04131                                  | 0.06460       |

**Notes**

- 1 -Existing rates are those in effect as at July 1, 2013.
- Proposed rates for Island Interconnected are those in effect as at July 1, 2013 less 3.236%.
- Proposed rates for Labrador Interconnected are those found in the GRA application, which include a 26% increase from existing rates.