

Volume 2, Tab 11 – 2006 Load Research Study

Q. (page 3) Based on the new load research data, has NP conducted a study of cross-subsidization between Domestic customers with electric heat and those with an alternative primary heating source? Please provide results of this analysis.

A. Due to the predominance of domestic electric heating load on the Island interconnected system, Newfoundland Power studied the load shapes of two subclasses within the Domestic rate class. Separate samples were designed for domestic customers that use electric heat as their primary heating source (“Domestic All-Electric subclass”) and domestic customers that use an alternate primary heating source (“Domestic Regular subclass”).¹ The separate studies were conducted to evaluate through the cost of service study whether cross-subsidization exists between the two identified subclasses.

Table 1 presents a comparison of the revenue to cost ratios for the identified subclasses and for the total Domestic class.

**Table 1
Domestic Class Analysis**

Class of Service	Revenue to Cost Ratio (%)
Domestic Class	93.7
Domestic Regular Subclass	93.0
Domestic All-Electric Subclass	94.0

The results of the 2006 load research study provide no indication of cross-subsidization between Domestic customers with electric heat and those with an alternative primary heating source.

Detailed information on the load research samples by Domestic sub-class are provided in Volume 2, Supporting Materials, Tab 13, Rate Design Review.

¹ Distinction between Domestic All-Electric subclass customers that use electric heat as their primary heating source and Domestic Regular subclass customers that use an alternate primary heating source is based on customer information coded in the Company’s Customer Service System.