

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

2 The proposed increase to domestic customers in the Labrador Isolated System is
3 0.9%, as shown on the table at page 3 of Hydro's correspondence dated July 30,
4 2013. However, footnote 3 states that after the subsidy is considered, the average
5 rate increase will be 20.4%. Provide a more detailed explanation of this rate
6 increase, including all of the data and calculations that show how the proposed
7 increase of 0.9% will result in a 20.4% increase with the subsidy.

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10 A. Please see the following table and PUB-NLH-107 Attachment 1.

Description	Rate Change %
Approved 2007 rate increase of 15% on non-lifeline energy consumption deferred by Government subsidy ¹	15%
Deferred rate increase of 15% expressed as a rate increase using all energy consumption ²	4.2%
Estimated Island Interconnected rate decrease ³	(3.2%)
Proposed increase to residential customers in the Labrador Isolated System ⁴	0.9%
Increase after applying NSP, that is, increasing the Lifeline Block consumption by approximately 26%, the rate increase proposed for Labrador Interconnected Domestic Class ⁵	20.4%

¹ Evidence Page 4.10, Lines 8 – 13

² Attachment 1, Page 1, Line 4, Column A

³ Evidence Page 4.4, Line 7

⁴ Attachment 1, Page 1, Line 11, Column A

⁵ Attachment 1, Page 1, Line 19, Column A

Newfoundland and Labrador Hydro
Labrador Isolated Detailed Rate Change Explanation

Line No.		A
Revenues		
1	Revenue at Rate Effective July 1, 2012	\$ 2,834,120
2	Forecast July 1, 2013 RSP flow though decrease	-3.0%
3 =ln1*(1+ln2)	Revenues at existing rates	\$ 2,749,096
4	15% deferred rate Increase ¹	4.2%
5 =ln3*(1+ln4)	Revenues at existing rates including 15% deferred rate increase	\$ 2,865,658
6	Proposed GRA rate decrease	-3.2%
7 =ln5*(1+ln6)	Revenue at proposed rates	\$ 2,772,925
Change in Revenue		
8 =ln3	Revenues at existing rates including 15% deferred rate increase	\$ 2,749,096
9 =ln7	Revenue at proposed Rates	\$ 2,772,925
10 =ln9-ln8	Change in revenue	\$ 23,829
11 =ln10/ln8	Percentage change in revenue	0.9%
Including Rebates - Charge to Customers		
12 =ln3	Revenue at existing Rates	\$ 2,749,096
13 =Pg2 ln9	Rebate at existing rates	\$ 1,415,558
14 =ln12-ln13	Charge to customers	\$ 1,333,538
15 =ln7	Revenue at proposed rates	\$ 2,772,925
16 =Pg2 ln9	Rebate at proposed rates	\$ 1,167,710
17 =ln15-ln16	Charge to customers	\$ 1,605,215
18 =ln17-ln14	Change in charge to customers	\$ 271,677
19 =ln18/ln14	Percentage change in charge to customers	20.4%

Notes

¹ The deferred 15% increase applies to the second and third block energy charges only. The total increase represents an increase in overall revenue of 4.24%.

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Labrador Isolated Detailed Rate Change Explanation

Line
No.

Total Northern Strategic Plan Rebate Calculation

		Rebates	Rebates
	Billing Determinant	Existing	Proposed
1 =ln10 and ln12	Basic Customer Charge (\$/bill)	8.53	6.15
2 =ln11 and ln13	Energy (\$/kWh)	0.07665	0.06460
3	Number of Bills	24,360	24,360
4 =ln1	Basic Rebate	8.53	6.15
5 =ln3*ln4	Subtotal	<u>\$ 207,791</u>	<u>\$ 149,814</u>
6	kWh's Rebated	15,756,910	15,756,910
7 =ln2	\$/kWh	0.07665	0.06460
8 =ln6*ln7	Subtotal	<u>\$ 1,207,767</u>	<u>\$ 1,017,896</u>
9 =ln5+ln8	Total	\$ 1,415,558	\$ 1,167,710

Northern Strategic Plan Rebate Rate Calculation

	<u>Existing Rebates</u>	Island		Rebate	
		Interconnected			
		Existing Rates	Existing Rates		
10	Billing Determinant				
	Basic Customer Charge (\$/bill)	15.68	7.15	8.53	
11	Energy (\$/kWh)	0.10945	0.03280	0.07665	
	<u>Proposed Rebates¹</u>	Island		Rebate	
		Interconnected			
		Proposed Rates	Proposed Rates		
12	Billing Determinant				
	Basic Customer Charge (\$/bill)	15.17	9.02	6.15	
13	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 .