

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 <sup>1</sup>	15%
Deferred rate increase of 15% expressed as a rate increase using all energy consumption <sup>2</sup>	4.2%
Estimated Island Interconnected rate decrease <sup>3</sup>	(3.2%)
Proposed increase to residential customers in the Labrador Isolated System <sup>4</sup>	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 <sup>5</sup>	20.4%

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<sup>1</sup> Evidence Page 4.10, Lines 8 – 13

<sup>2</sup> Attachment 1, Page 1, Line 4, Column A

<sup>3</sup> Evidence Page 4.4, Line 7

<sup>4</sup> Attachment 1, Page 1, Line 11, Column A

<sup>5</sup> Attachment 1, Page 1, Line 19, Column A

**Newfoundland and Labrador Hydro  
Labrador Isolated Detailed Rate Change Explanation**

Line No.		A
	<b>Revenues</b>	
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 <sup>1</sup>	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
	<b>Change in Revenue</b>	
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%
	<b>Including Rebates - Charge to Customers</b>	
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**

<sup>1</sup> 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%.

**Newfoundland and Labrador Hydro  
Labrador Isolated Detailed Rate Change Explanation**

Line  
No.

**Total Northern Strategic Plan Rebate Calculation**

	<b>Billing Determinant</b>	<b>Rebates Existing</b>	<b>Rebates Proposed</b>
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	\$ 207,791	\$ 149,814
6	kWh's Rebated	15,756,910	15,756,910
7 =ln2	\$/kWh	0.07665	0.06460
8 =ln6*ln7	Subtotal	\$ 1,207,767	\$ 1,017,896
9 =ln5+ln8	<b>Total</b>	<b>\$ 1,415,558</b>	<b>\$ 1,167,710</b>

**Northern Strategic Plan Rebate Rate Calculation**

	<u>Existing Rebates</u>	<b>Island Interconnected Existing Rates</b>	<b>Labrador Interconnected Existing Rates</b>	<b>Rebate</b>
10	Basic Customer Charge (\$/bill)	15.68	7.15	8.53
11	Energy (\$/kWh)	0.10945	0.03280	0.07665
	<u>Proposed Rebates <sup>1</sup></u>	<b>Island Interconnected Proposed Rates</b>	<b>Labrador Interconnected Proposed Rates</b>	<b>Rebate</b>
12	Basic Customer Charge (\$/bill)	15.17	9.02	6.15
13	Energy (\$/kWh)	0.10591	0.04131	0.06460

**Notes**

- <sup>1</sup> -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 .