

Q. **Reference: PUB-NLH-061**

For reductions of 10% and 25% in Island Industrial billing demand and energy relative to the 2027 Test Year forecast, applied proportionately to each customer's monthly billing demand and energy, please quantify the annual reduction in demand, Block 1 and Block 2 revenue. Hold proposed rates and export-price assumptions constant, identify any contractual or billing constraints, and show the incremental net export revenue or other supply-cost offset recognized through the LT-SCVDA or another mechanism and the remaining revenue shortfall.

A. Please refer to Table 1 showing the Island Industrial billing revenue as proposed in the 2027 Test Year, compared to the revenue with reductions of 10% and 25% in energy load applied proportionately to each customer's monthly billing.¹

Table 1: Island Industrial Billing (\$)

Revenue Component	2027 Test Year	10% Billing Reduction	25% Billing Reduction
1st Block Energy Revenue	21,846,576	19,661,919	16,384,932
2nd Block Energy Revenue	14,529,852	13,076,886	10,897,389
Demand Revenue	6,025,800	5,423,220	4,519,350
Specifically Assigned ²	413,404	413,404	413,404
Total	42,815,632	38,575,429	32,215,075
Total Decrease		(4,240,203)	(10,600,557)

Table 2 calculates the additional export revenue associated with energy made available for export as a result of the reduced industrial load. The amount of energy available for export is assumed to be equal to the reduction in second block energy sales resulting from the

¹ Analysis uses the proposed 2027 Test Year rates.

² Specifically assigned values would not change as a result of billing reductions.

1 hypothetical reduction in billings. The table also presents the resulting net revenue impact after
2 accounting for the offsetting export revenues.

Table 2: Incremental Export Revenue and Net Revenue Impact

Revenue Component	2027 Test Year	10% Billing Reduction	25% Billing Reduction
2nd Block Energy Sold (kWh)	287,010,782	258,309,704	215,258,087
Decrease in Second Block (kWh)		(28,701,078)	(71,752,696)
Increase in Export Revenue (\$)³		1,144,599	2,861,498
Billing Revenue Reduction (\$)		(4,240,203)	(10,600,557)
Net Revenue Impact (\$) (Before Long-Term-SCVDA⁴)		(3,095,604)	(7,739,059)
Load Variation (\$)		3,135,690	7,839,224
Net Export Revenue (\$)		(1,144,599)	(2,861,498)
Net Revenue Impact (\$)⁵		(1,104,513)	(2,761,333)

³ Incremental export revenue is calculated using the average 2027 monetized export value of \$39.88/MWh. The reduction in second block energy sales is assumed to be fully available for export.

⁴ Supply Cost Variance Deferral Account ("SCVDA").

⁵ The Net Revenue Impact is primarily related to changes in demand, which is deferred in the Long-Term SCVDA and differences in energy rates to record revenue and the load variation, which is valued at the Block 2 rate.