

1 Q. **Reference: CA-NLH-117; Rural Deficit allocation**

2 Please confirm whether the approved Rural Deficit allocation methodology and the amount of
3 Rural Deficit allocated to Newfoundland Power would remain unchanged if Island Industrial
4 rates were designed to produce an RCC greater than 1.00, holding all other Cost of Service
5 inputs constant.

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8 A. As discussed in CA-NLH-283 of this proceeding, Newfoundland and Labrador Hydro ("Hydro")
9 cannot fund the Rural Deficit by designing rates that generate a revenue surplus from Island
10 Industrial customers. Accordingly, Hydro is unable to confirm or determine how such a surplus,
11 if collected from Island Industrial customers, would be treated with respect to the Rural Deficit.