

Q. **Reference: Labrador Industrial proposed transmission demand rate; IOC-NLH-010 to IOC-NLH-018**

For Labrador Industrial transmission demand rates of \$1.50/kW/month, \$2.00/kW/month and \$2.50/kW/month, please show the resulting annual Labrador Industrial revenue and the difference from proposed revenue. Holding total Labrador Interconnected revenue requirement, all other proposed rates and billing determinants constant, quantify the resulting revenue deficiency or surplus. Separately, calculate the illustrative average rate adjustment for Rural Labrador Interconnected customers if that difference were recovered from or returned to them, and explain the assumed allocation.

A. Please refer to CA-NLH-300, Attachment 1 for the annual Labrador Industrial revenue for the varying transmission demand rate, as well as the resulting revenue deficiencies.

The average rate adjustment for the Rural Labrador Interconnected customers is provided below in Table 1.

Table 1: Labrador Interconnected Customers – Average Rate Adjustment (%)

Demand \$1.50/kW	Demand \$2.00/kW	Demand \$2.50/kW
18.76	8.54	-1.72

When Labrador Industrial transmission demand rates decrease from \$2.00/kW to \$1.50/kW, the reduction in Labrador Industrial revenue (\$1.9 million) will be borne by the Labrador Interconnected customer group. This also results in a higher share of the rural deficit (\$0.2 million), resulting in an additional \$2.1 million in revenue requirement (18.76% increase in rates).

When Labrador Industrial transmission demand rates increase from \$2.00/kW to \$2.50/kW, the increase in Labrador Industrial revenue (\$1.9 million) will reduce the requirement of the

1 Labrador Interconnected customer group. This also results in a lower share of the rural deficit
2 (\$0.2 million), resulting in a reduction of \$2.1 million in revenue requirement (-1.72% decrease
3 in rates).

Newfoundland and Labrador Hydro
Comparison of Labrador Industrial Transmission Rates

	\$/kW	Cost of Service Proposed	\$1.50/kW	Variance	Cost of Service Proposed	\$2.00/kW	Variance	Cost of Service Proposed	\$2.50/kW	Variance
Trans Demand Rate		2.00	1.50	(0.50)	2.00	2.00	-	2.00	2.50	0.50
Labrador Industrial Revenue ¹	\$	9,174,354	7,272,354	(1,902,000)	9,174,354	9,174,354	-	9,174,354	11,076,354	1,902,000
Revenue Deficiency	\$	(1,753,197)	(802,197)	951,000	(1,753,197)	(1,753,197)	-	(1,753,197)	(2,704,197)	(951,000)

¹ Does not include the impact of the change in the rural deficit on Labrador Interconnected System.

Transmission Demand Rate (\$/kW)
Generation Demand Rate (\$/kW)

Transmission Demand Rate (\$/kW)
Generation Demand Rate (\$/kW)

Transmission Demand Rate (\$/kW)
Generation Demand Rate (\$/kW)