

1 Q. **Reference: Vol. II, Exhibit 4 (Load Forecast and Sources of Supply), sec. 2.2.1, Table 9, p. 15**
2 **(PDF p. 105); Vol. I, Ch. 6, sec. 6.9.1, p. 6.29 (PDF p. 203); Vol. I, Schedule A-II (PDF p. 212);**
3 **billing determinants — Vol. I, Schedule F 3.1E, p. 1, l. 2 (PDF p. 297).**

4 Preamble:

5 Section 6.9.1 attributes part of the increase to "an increase in cost allocated to this customer
6 class due to increased load." Schedule A-II shows forecast Labrador Industrial demand increasing
7 from 293.0 MW to 317.0 MW (approximately 8%), while Exhibit 4, Table 9 shows class energy
8 requirements declining from 2,026 GWh to 1,902 GWh (-6.1%). Schedule F 3.1E applies a
9 production demand of 317,009 kW and a transmission coincident peak of 298,387 kW for the
10 class. The proposed transmission demand rate increases by approximately 85%. All else equal, a
11 higher billing determinant would reduce, not increase, the unit rate.

12 Explain and quantify how an approximately 8% increase in class demand contributes to an
13 approximately 85% increase in the transmission demand rate, identifying the offsetting effect of
14 the higher billing determinant on the unit rate.

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17 A. The approximately 8% increase cited in the preamble does not, by itself, result in the
18 approximately 85% increase in the Labrador Industrial Transmission Demand rate.

19 Schedule A-II reports Labrador Industrial annual maximum customer demand of 293.0 MW for
20 the 2019 Test Year and 317.0 MW for the 2027 Test Year. These annual maximum demand
21 values are not the billing determinants used to calculate the unit rate and are not, on their own,
22 the quantities used to allocate Labrador Interconnected transmission-demand costs to the class.
23 The transmission-demand revenue requirement is allocated based on the class transmission
24 coincident peak relative to the total Labrador Interconnected transmission coincident peak. The
25 resulting allocated revenue requirement is then divided by the annual billing determinant to
26 calculate the unit rate.

1 The relationship is summarized as follows:

$$\begin{aligned}
 &2 \qquad \qquad \qquad \text{Transmission Demand Rate} = \\
 &3 \qquad \qquad \qquad \text{Labrador Industrial Transmission Demand Allocation Factor} \times \\
 &4 \qquad \qquad \qquad \text{Labrador Interconnected Transmission-Demand Revenue Requirement} \div \\
 &5 \qquad \qquad \qquad \text{Labrador Industrial Annual Billing Determinant}
 \end{aligned}$$

6 The relevant cost of service values are provided in Table 1.

Table 1: Cost of Service Values

Description	2019TY	2027TY	Change
Non-Coincident Maximum (kW)	293,000	317,000	8.20%
Transmission Demand (kW)	229,500	298,387	30.00%
Labrador Industrial Transmission-Demand Allocation Factor (%)	57.05%	66.02%	15.70%
Labrador Interconnected Transmission-Demand Revenue Requirement (\$)	6,321,043	11,524,019	82.30%
Revenue Requirement Allocated to Labrador Industrial (\$)	3,606,168	7,608,203	111.00%
Annual Billing Determinant (kW/month)	3,352,000	3,804,000	13.50%
Calculated Transmission-Demand Rate (\$/kW/month)	1.08	2.00	85.90%