

1 **Q. Regulatory Compound & Rate Increase**

2 References:

- 3 (i) NLH 2017 GRA, Evidence, chapters 1 & 5, pages 1.7 & 5.16, tables 1-1
 4 & 5-2
- 5 (iii) NLH 2017 GRA, Evidence, chapter 5, page 5.1
- 6 (iv) NLH 2017 GRA, Evidence, chapter 5, page 5.14, table 5-1
- 7 (v) NLH 2017 GRA, Evidence, chapter 5, page 5.34

Table 1-1 Proposed Average Interim and Final Rate Changes by Customer Class (%)⁷

Customer Class	Interim 2018 TY Increase Relative to July 1, 2017 Rates	2019 TY Increase Relative to January 1, 2018 Interim Rates
Newfoundland Power – Wholesale	9.7	9.4
Newfoundland Power – Retail	6.6	6.4
Island Industrial	6.2	7.2
Labrador Interconnected	5.9	6.5
Labrador Industrial Transmission	15.0	28.5 ⁸
Hydro Rural Government Diesel	9.0	12.7
Hydro Rural Other ⁹	6.6	6.4

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- 9 (i)
- 10 (ii) « On the Labrador Interconnected System, Hydro serves approximately
 11 11,200 Rural Customers and two Industrial Customers: the Iron Ore
 12 Company of Canada (IOC) and the Wabush Mines facility.»

Table 5-1 Required Increase in Customer Billings to Recover Revenue Requirement¹⁶

Customer Class	2018 TY Increase Relative to July 1, 2017 Rates		2019 TY Increase Relative to July 1, 2017 Rates	
	\$ million	%	\$ million	%
Newfoundland Power	58.2	14.1	72.0	17.4
Island Industrial	3.8	9.6	4.8	11.9
Rural Labrador Interconnected	1.4	7.1	2.4	11.6
Labrador Industrial Transmission	0.9	19.7	2.1	44.9
Hydro Rural Government Diesel	0.2	10.4	0.5	22.0
Hydro Rural Other ¹⁷	5.7	9.6	6.9	11.8
Total	70.0		88.6	

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- 14 (iii)
- 15 (iv) « Hydro has two mining facilities served on the Labrador Industrial rates,
 16 IOC and Wabush Mines. IOC's Power on Order is forecast to be 245.0

1 *MW for 2018. Wabush Mines is currently not operational but still using*
2 *a minimal amount of demand. »*

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4 Confirm that for Labrador Industrial customers, the electricity bill is composed of: (i)
5 a Demand Charge and (ii) a non-regulated Energy charge? If not, please elaborate.

6
7
8 A. Current Labrador Industrial Transmission customers' electricity bills are comprised
9 of the following charges, including:

- 10 • A demand charge, which is computed based on the regulated transmission
11 demand charge and a non-regulated generation demand charge;¹
- 12 • An energy charge, which is computed based on the non-regulated energy
13 rate; and
- 14 • Various other charges, including: HST, past due amounts (if applicable), and
15 interest on past due amounts (if applicable).

¹ The Board approved a Labrador Industrial Transmission Rate of \$1.19 per kW per month effective July 1, 2017, in Order No. P.U. 22(2017). The Board also approved the 2015 Test Year Cost of Service Study which is used to determine the \$0.42 per kW non-regulated generation demand rate to provide generation demand cost recovery.