Q. References:

(i) NLH 2017 GRA, Evidence, chapter 1, pages 1.7 and 1.8

(ii) NLH 2017 GRA, Evidence, chapter 5, schedule VII, page 5-VII-3

(iii) NLH 2017 GRA, Evidence, chapter 5, pages 5.35 and 5.36

(i) *« Hydro is also seeking approval of the following: […]*

• a revised transmission demand rate for Labrador Industrial Customers to promote the efficient use of customers' demand requirements (see Chapter 5). »

(ii)

Proposed Rates Reflecting Proposed Methodology (per kW per month)

	Proposed January 1, 2018 Interim Rate	Proposed January 1, 2019 Rates
First Block (90% of Power on Order)	$1.34	$1.86
Metered Demand in Excess of First Block	$2.83	$3.95

(i) *« Hydro is proposing to continue to use the same methodology to determine the costs to be recovered from the Labrador Industrial Transmission Customers. The average embedded cost for transmission demand allocated to Labrador industrial Customers has increased from the $1.19 per kW approved for the 2015 Test Year to $1.44 per kW for the 2018 Test Year and $1.86 per kW for the 2019 Test Year. »*

(ii) *« The proposed modification to the rate design does not change the total Test Year cost to be recovered from Labrador Industrial Transmission Customers. However, the proposed rate design provides a stronger financial incentive for the Labrador Industrial Customers to reduce their winter peak demands. Reduced peak demand from this customer class can contribute to reduced costs for all customers on the Labrador Interconnected System. »*

Does NLH's two-tiered transmission rate pursues other objectives than the reduction stated above in its Application?

A. No, Hydro's proposed two-tiered transmission rate does not pursue objectives other than those which are stated in the evidence to Hydro's 2017 GRA.