

1 Q. References:

- 2 (i) NLH 2017 GRA, Evidence, chapter 1, pages 1.7 and 1.8
 3 (ii) NLH 2017 GRA, Evidence, chapter 5, schedule VII, page 5-VII-3
 4 (iii) NLH 2017 GRA, Evidence, chapter 5, pages 5.35 and 5.36
 5 (i) « Hydro is also seeking approval of the following: [...]»
 6 • a revised transmission demand rate for Labrador Industrial Customers to
 7 promote the efficient use of customers' demand requirements (see Chapter 5). »
 8 (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

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 10 (i) « Hydro is proposing to continue to use the same methodology to determine the
 11 costs to be recovered from the Labrador Industrial Transmission Customers. The
 12 average embedded cost for transmission demand allocated to Labrador industrial
 13 Customers has increased from the \$1.19 per kW approved for the 2015 Test Year
 14 to \$1.44 per kW for the 2018 Test Year and \$1.86 per kW for the 2019 Test Year. »
 15 (ii) « The proposed modification to the rate design does not change the total Test
 16 Year cost to be recovered from Labrador Industrial Transmission Customers.
 17 However, the proposed rate design provides a stronger financial incentive for the
 18 Labrador Industrial Customers to reduce their winter peak demands. Reduced
 19 peak demand from this customer class can contribute to reduced costs for all
 20 customers on the Labrador Interconnected System. »
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22 Has NLH investigated the impact of a reduced peak demand on Labrador Industrial
 23 customers, their industrial processes and profitability?

1 A. Hydro has had preliminary discussions with Labrador Industrial Customers on
2 Conservation Demand Management and is willing to work, in partnership, with its
3 customers and expert consultants on a demand management strategy. Hydro's
4 intention of a revised transmission demand rate is to provide a price signal to
5 Labrador Industrial Customers and to promote demand and energy conservation.
6 The rate structure is designed to provide an opportunity to the Labrador Industrial
7 Customers to reduce electricity costs by focusing on their industrial processes and
8 profitability and analysing any benefits of reduced demand charges. Ultimately this
9 cost benefit analysis is best undertaken by the Labrador Industrial Customer
10 themselves as they are the subject matter experts in decision making best suited for
11 their business. In either case, Hydro's cost recovery is not greater with the newly
12 proposed Block Rate methodology vs the current rate methodology.