

1 Q. Reference: Labrador Expansion Study, p. 34 (p. 42 pdf)

2 Citation:

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4 9 Customer Rate Impacts

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6 There is significant uncertainty with respect to specific customer rate impacts
7 associated with the expansion of the transmission system in Labrador. As
8 presented in Section 7, the size and timing of customer requests will have a
9 significant impact on expansion requirements. Further, the application of the
10 Network Addition Policy has the potential to impact cost allocations to ensure
11 fairness. It is only by performing a detailed system impact study in response to a
12 specific customer request that such rate calculations can be performed.

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14 For the purposes of this Expansion Study, Figure 6 has been provided as a basis
15 for the generic calculation of forecast rate impacts for rural and industrial
16 customers in Labrador as a function of the capital costs of a transmission system
17 expansion.

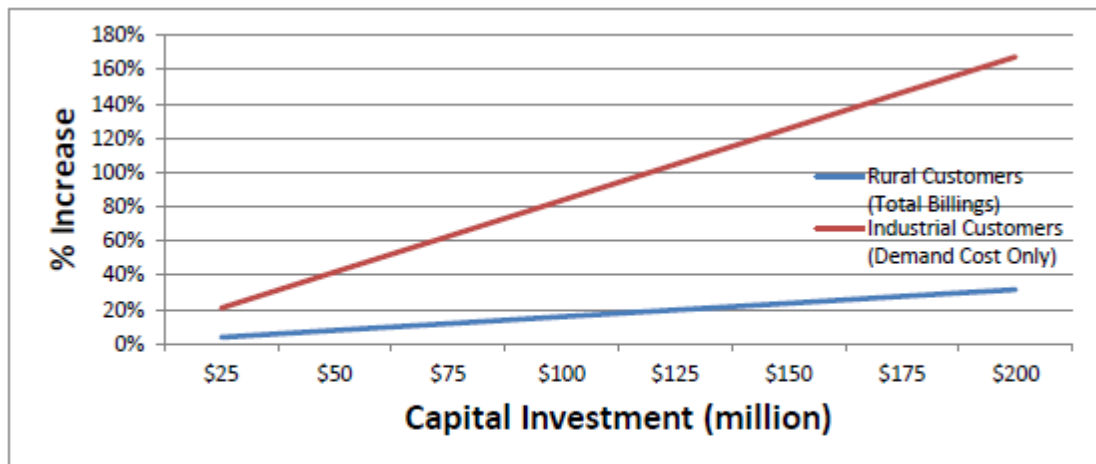


Figure 6: Projected Rate Increase vs. Capital Investment

18 Preamble:

19 Figure 6 suggests a linear relationship between capital investment and rate increases.

20 However, given that the transmission expansion projects selected in the study are large and
21 “lumpy”, the relationship between load increases and rate impacts does not follow a
22 straight line.

1 Please present block graphs, separately for Labrador East and Labrador West, that indicate:

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3 a) On the x-axis, peak load,

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5 b) On the left y-axis, capital expenditures for transmission infrastructure required to meet
6 the peak load on the x-axis, and

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8 c) On the right y-axis, the % rate increase for rural customers resulting from those
9 investments.

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12 A. The information requested would differ depending on which project in the “Labrador
13 Interconnected System Transmission Expansion Study” was selected. It is also entirely
14 dependant on particular customer demands. Figure 6 was provided as a basis for the
15 generic calculation of forecast rate impacts for rural and industrial customers in Labrador.
16 As stated in the “Labrador Interconnected System Transmission Expansion Study” and
17 included in the Citation of the question above, the rate calculations requested require
18 detailed System Impact Studies in order to be performed. Newfoundland and Labrador
19 Hydro is unable to provide the graphs requested.