

1 Q. Application, page 4, paragraph 16. Hydro is proposing that the monthly Basic Customer Charge
2 for non-firm customers on the Labrador Interconnected System be equal to that charged for
3 Island Interconnected System General Service customers with demands of 1,000 kVa or greater,
4 which is \$85.25 per month.

5 a) Please identify the types of costs currently included in the Basic Customer Charge of
6 \$85.25 for the Island Interconnected System General Service customers with demands
7 of 1,000 kVa or greater?

8 b) Please explain what analysis Hydro has completed to determine that \$85.25 per month
9 would be a reasonable charge to recover costs for non-firm customers on the Labrador
10 Interconnected System.

11 c) What type of costs has Hydro included as “administrative costs”?

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14 A. a) The Basic Customer Charge of \$85.25 recovers the cost of billing, customer inquiries,
15 metering costs and a portion of the distribution system costs allocated as customer related.

16 b) Newfoundland and Labrador Hydro (“Hydro”) has not yet completed a detailed analysis with
17 respect to the annual administrative cost of making the Labrador Interconnected System
18 Non-Firm Rate available. However, additional administrative costs have been identified but
19 not yet quantified. These include:

20 i. The derivation of the monthly rate;

21 ii. Energy Management System enhancements to enable monitoring of the system
22 loads for Labrador East and Labrador West to determine when customer
23 curtailments will be implemented and concluded;

24 iii. The implementation of new processes to compute billing on a monthly basis; and

25 iv. General large customer account management responsibilities.

1 Hydro will also provide interval metering to serve the non-firm customers that is capable of
2 recording customer usage every 15 minutes. Hydro understands that Newfoundland Power
3 Inc. ("Newfoundland Power") also installs interval metering in serving its large General
4 Service customers (i.e., Rate 2.4).

5 Given the additional administrative costs incurred by Hydro and the comparable metering
6 costs incurred by Hydro and Newfoundland Power to provide service, Hydro believes the
7 use of the same Basic Customer Charge (as is currently used by Newfoundland Power in
8 serving its Rate 2.4 customers) is a reasonable approach in implementing the Labrador
9 Interconnected System Non-Firm Rate.

10 Hydro also notes that BC Hydro¹ has customers that are served on a non-firm basis only.
11 BC Hydro provides a Shore Power Non-Firm Rate to marine vessels docked and an IPP²
12 Station Service Rate to IPP's who require energy for black-start requirements. The monthly
13 fixed charges (excluding the non-firm energy charge) are \$150 per month for Shore Power
14 and \$49 per month for IPP Station Service. Please refer to Hydro's response to PUB-NLH-003
15 of this proceeding for further detail.

16 c) Please refer to Hydro's response to part b).

¹ The British Columbia Hydro and Power Authority ("BC Hydro").

² Independent power producer ("IPP").