

1 Q. Further to response to Request for Information NP-NLH-097:
2 OC2003-347 permitted the elimination of the lifeline block and the implementation
3 of a demand/energy rate structure for general service customers on isolated
4 systems. OC2003-347 also directed that the new rates should target the current
5 cost recovery level for these customers.

6 Please provide the cost recovery level for general service customers on isolated
7 systems for each year from 2003 to 2014 forecast compared to the OC2003-347
8 targeted cost recovery levels and explain Hydro's process for ensuring the targeted
9 cost recovery level is maintained.

10

11

12 A. OC2003-347 paragraph (iv) states:

13 *...proceed, as the Public Utilities Board determines appropriate, with*
14 *implementation of a demand/energy rate structure for general service*
15 *(commercial) customers in diesel communities, where such customers currently*
16 *pay the diesel general service electricity rate. While the rate changes can include*
17 *elimination of the lifeline block for these general service customers, the new*
18 *rates should target the current cost recovery level for these customers.*

19

20 In Order No. P.U. 14(2004) the Board approved Hydro's proposal to eliminate the
21 lifeline block and to implement a demand/energy rate structure for general service
22 customers on isolated systems. Since that time, Hydro's rate changes have been in
23 accordance with the approved Section 16 of its rules and regulations, unless
24 Government directed otherwise.

1 NP-NLH-272 Attachment 1 (Revision 1) provides the cost recovery level for general
2 service customers on isolated systems for each year from 2003 to 2014 Test Year
3 and 2015 Test Year compared to the 2004 Test Year targeted cost recovery levels.

**Combined Island Isolated and Labrador Isolated Systems
Revenue to Cost Ratio**

Rate Class	2004	2003 ¹	2004	2005	2006	2007	2008	2009	2010	2011	2012	2014	2015	
	Test Year											2013	Test Year	Test Year
2.1 General Service 0-10 kW	0.42	N/A	0.36	0.35	0.30	0.33	0.29	0.36	0.32	0.32	0.32	0.30	0.28	0.33
2.2 GS 10-100 kW	0.42	0.22	0.35	0.37	0.32	0.41	0.35	0.47	0.37	0.35	0.37	0.35	0.33	0.38
2.3 GS 110-1,000 kVA	0.26	0.25	0.16	0.16	0.24	0.16	0.17	0.21	0.20	0.19	0.18	0.15	0.15	0.15
2.4 General Service Over 1,000 kVA	0.22	0.22	0.16	0.16	0.16	0.14	0.14	0.18	0.28	0.14	0.15	0.15	0.15	0.15
2.5 GS Diesel	N/A	0.41	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ Rate Classes were changed as the lifeline block was eliminated and a demand/energy rate structure implemented.