

1 Q. Further to the response to IC-NLH-034, provide details of the derivation of \$217,000
2 shown as the IOC cost recovery.

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5 A. Please refer to the following reconciliation:

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7 IOC - Existing Rates Scenario \$2,324,517

8 IOC - Test Year New Rates \$2,108,486

9 Difference \$216,031

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11 The \$2,324,517 IOC cost recovery was an estimate based on existing rates and did
12 not incorporate the 2013 Test Year Cost of Service Study. The \$2,108,486 IOC cost
13 recovery was calculated as part of the 2013 Test Year Cost of Service Study by
14 allocating a portion of the Labrador Interconnected System generation and
15 transmission costs (i.e. power purchases, operating and maintenance, depreciation
16 and return) to IOC based on its proportionate share of demand and energy
17 consumption.