

1 Q. On page 11, lines 13 to 18 of Mr. Brickhill's Prefiled Testimony, he indicates
2 that purchased power for the L'Anse au Loop (*sic*) System is classified
3 entirely to energy as it is purchased entirely on an energy basis with no
4 capacity charges. Is this appropriate given that the major source of power on
5 all of Hydro's other systems are classified on the basis of system load factor?
6 Does the contract with CF(L)Co have a capacity charge? Given that
7 Newfoundland Power purchases energy from Hydro entirely on an energy
8 basis with no capacity charges, is it also appropriate for Newfoundland
9 Power to classify its purchases from Hydro in its cost of service study entirely
10 to energy?

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13 A. It is appropriate to allocate purchases from Hydro Quebec for the L'Anse au
14 Loup System on an energy basis because unlike the sources of power on all
15 of Hydro's other systems, the purchase is on a secondary energy basis and
16 subject to interruption.

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18 The contract with CF(L)Co. has no capacity charge, but that purchase is on a
19 firm basis with an obligation to take on the part of Hydro.

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21 It would not be appropriate for Newfoundland Power to classify its firm
22 purchases from Hydro entirely to energy. There is a demand cost
23 component for firm purchases as shown in Exhibit JAB-1, Schedule 1.3.1,
24 page 1 of 5.