

1 Q. Provide a written explanation of the revenue credits and their purpose
2 included in Schedule 1.2, page 1 of 6 of Mr. Brickhill's Prefiled Testimony.

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4 A. The revenue credits shown on Schedule 1.2 of the Cost of Service Study are
5 available when regulated customers take non-firm service. Rates for non-firm
6 service are based on costs other than the embedded costs identified in the
7 COS Study. Non-firm service may be provided to both Island Industrial
8 customers and the Labrador Interconnected customer, CFB-Goose Bay.

9 Since the rates charged recover more than the allocated COS, the excess, or
10 revenue credit, is allocated among the regulated firm customer classes in the
11 appropriate system, to reduce the revenue requirement of those customers.