IN THE MATTER OF the *Electrical Power Control Act*, *1994* (the "EPCA") and the *Public Utilities Act*, R.S.N. 1990, Chapter P-47 (the "Act") and their subordinate regulations; and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro ("Hydro") for approvals of: (1) Under Section 70 of the Act, changes in the rates to be charged for the Supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers; (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers; (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and (4) Under Section 41 of the Act, its 2002 Capital Budget.

RESPONSE TO CA-215

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Q. In Mr. Osler's experience, are distribution demand costs generally allocated to customer classes on the basis of coincident peak or non-coincident peak, and why?

A. While Mr. Osler has not reviewed distribution demand allocation issues for this hearing, it is his experience that distribution demand costs are typically allocated based on class non-coincident peak due to the impact of localized area loads (as opposed to system-wide coincident loads) on the investment in distribution plant.