

1 Q. Hydro proposed an AED (Average and Excess Demand) allocator for
2 generation demand cost for Labrador Interconnected and Hydro Rural
3 Isolated Systems at the 1992 Cost of Service Hearing. In Recommendation
4 21 of the February 1993 Referral for The Proposed Cost of Service
5 Methodology, the Board accepted Hydro's proposal. Why is Hydro now
6 proposing a single CP allocator for allocation of generation demand cost in
7 the 2002 Forecast Cost of Service Study?
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9 A. Hydro had proposed an AED allocator for generation demand cost for
10 Labrador Interconnected and Hydro Rural Isolated Systems at the 1992 Cost
11 of Service Hearing consistent with its proposal for the Island Interconnected
12 System. Hydro is now proposing a Coincident Peak allocator for these
13 systems to be consistent with the Board's determination that a CP allocator
14 was appropriate for the Island Interconnected System. The use of a
15 coincident peak based allocator is also beneficial for allocating the rural
16 deficit between systems.
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18 A single CP, rather than a 2CP, allocator is proposed for the Labrador
19 Interconnected System because, as explained at page 12 of Mr. Brickhill's
20 testimony, the seasonal peak, based largely on electric heating load,
21 supports a single CP allocator. Additionally, there is minimal likelihood of a
22 loss of firm load on the Labrador Interconnected System. As indicated in Mr.
23 Budgell's testimony, there is sufficient capacity in the agreement with
24 CF(L)Co well into the future.
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26 A single CP, rather than a 2CP, allocator is proposed for the Isolated
27 Systems because the capacity of each individual plant is planned based on
28 the expected annual peak for each system.