

**NP 301** In Dr. Wilson's opinion, are the costs of serving the demands of Newfoundland Power reflected in Hydro's cost of service study that is used to directly derive the rate to Newfoundland Power?

**RESPONSE:**

The costs of serving the demands of NP, like all of Hydro's costs, are included in Hydro's cost of service study underlying its rates – and, to an extent, they are even reflected in the rates that Hydro charges. That said, there are, nevertheless, ways in which the linkage between Hydro's rates and cost incurrence can be improved and that may change the amount of Hydro's costs that are now attributed to NP.