

1     Q.     On page 9, lines 18 to 21 of Mr. Greneman's Pre-filed Evidence, he indicates  
2             that distribution substations and the demand component of distribution  
3             primary and secondary lines were allocated using 1CP. In Mr. Greneman's  
4             experience, is this normal utility practice?

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7     A.     A non-coincident peak (NCP) allocation factor is typically used to allocate  
8             distribution substations and the demand component of primary and  
9             secondary lines in cost of service studies when the class non-coincident  
10            demands are reasonably known. The 1 CP allocator was used in Hydro's  
11            cost of service study, in accordance with this Board's reaffirmation in P.U. 7,  
12            of the use of a 1 CP allocator for distribution demand costs as approved by  
13            the 1993 generic COS methodology based on evidence that:

- 14            1. Distribution load requirements on the Labrador Interconnected and  
15                rural isolated systems are not sized based on local loads but rather  
16                the anticipated peak, supporting the use of a 1 CP allocator;  
17            2. The distribution network on the Labrador Interconnected system is  
18                sized based on a cold weather driven peak, also supporting the use of  
19                a 1 CP method, which links cost causation and costs better than the  
20                NCP method; and  
21            3. The rates of rural customers on the Island Interconnected system are  
22                not determined by the COS.