Q. Further to the response to PUB-150 NLH (referenced in the response to CA-145 NLH) Exhibit RDG-2, page 12, indicates that it is only the winter peak that drives demand costs. Assuming the same rate structure recommended in Exhibit RDG-2, provide a rate including seasonally-varying demand charges consistent with the fact that electric heating is driving peak demand and also provide a rate that in NLH's judgment, appropriately reflects demand charges in winter and non-winter months.

A. It should be noted that the response to PUB-150 NLH indicates that the billing demand is based on NP's single winter peak, which is consistent with Hydro's Cost of Service methodology.

Other than the rate provided in response to PUB-150 NLH, the most basic example of a rate structure for NP using billing demands based on the single winter peak is to charge $7.00 / kW x 12 months, or $84.00 / kW, to be applied in the peak winter month and no demand charge in the remaining 11 months. Another alternative for winter versus non-winter demand is provided in response to CA-204 NLH. Without additional study, Hydro is not in a position to recommend an alternative.