

1 **Q. If the Board ordered Hydro to charge a demand/energy rate to Newfoundland**
2 **Power and directed Newfoundland Power not to modify its seasonal storage pattern**
3 **so as to increase the likelihood of spillage (such direction being made for the**
4 **purpose of implementing the policy contained in Section 3(b) of the EPCA), would**
5 **the incentive to modify storage patterns remain and would Newfoundland Power**
6 **feel itself at liberty to act upon such incentive.**

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8 A. Newfoundland Power operates its hydraulic generating facilities in the best interests of
9 the overall system in accordance with Section 3(b)(i) of the *Electrical Power Control Act*,
10 1994 which states that all sources and facilities for the production, transmission and
11 distribution of power in the province should be managed and operated in a manner that
12 would result in the most efficient production, transmission and distribution of power.

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14 It is Newfoundland Power's position that the Sample Rate proposed by Hydro provides
15 an incentive for the management of generation facilities that is contrary to Section 3(b)(i)
16 of the *Electrical Power Control Act* in this respect, and is therefore inappropriate.