

IC-443 PUB

Please indicate the source of the reported 19 percent of costs allocated to demand at page 6, line 8 for the Island Interconnected System (also shown in Table 1). Please reconcile this EES reported figure with the system load factor of 57.90% reported in RDG-1 Rev. 1, Schedule 4.2 (also shown in Schedule 4.1 of RDG-1 Rev 1).

Response:

The 19% was calculated by adding the production related O&M, fuel and power purchases expenses to obtain power supply costs and determining the percentage classified as production demand. For the Island Interconnected System the calculation is shown below, with data references to the COS schedules.

IC-443 PUB, Table A			
	Total Amount (\$)	Production Demand (\$)	
Subtotal Production	25,331,834	13,290,007	Schedule 2.4A, line 7
Fuels-No. 6 Fuel	84,819,538	--	Schedule 2.1A, line 2
Fuels-Diesel	54,612	--	Schedule 2.1A, line 3
Fuels-Gas Turbine	265,277	265,277	Schedule 2.1A, line 4
Power Purchases - CF(L)Co	--	--	Schedule 2.1A, line 5
Power Purchases-Other	29,928,330	12,420,675	Schedule 2.1A, line 6
Total generation	\$140,399,591	\$25,975,959	

The generation costs calculation above results in a 19% of generation costs classified as demand under the methodology proposed by Hydro for the Island Interconnected System.

The following table provides the cost data and percentages calculated for the 5 systems.

IC-443 PUB, Table B						
	Total Dollars	Production Demand	Share	Total Dollars	Production Demand	Share
Island						
Interconnected	\$140,399,591	\$25,975,959	18.5%	\$140,399,591	\$30,698,572	21.9%
Island Isolated	\$3,805,310	\$1,105,417	29.0%	\$3,805,310	\$2,415,097	63.5%
Labrador						
Isolated	\$10,433,759	\$1,767,174	16.9%	\$10,433,759	\$4,550,974	43.6%
L'Anse au Loup	\$1,218,103	\$337,335	27.7%	\$1,218,103	\$337,335	27.7%
Labrador						
Interconnected	\$2,793,269	\$1,347,501	48.2%	\$2,793,269	\$591,147	21.2%
Total	\$158,650,032	\$30,533,386	19.2%	\$158,650,032	\$38,593,125	24.3%

The calculation provided above adds generation O&M, fuel and purchase power and determines the percentage of power costs that are classified to demand. The load factor of 57.90% is only used to classify some of the production cost items. Therefore, the overall production demand classification is lower than the one suggested by the load factor cited.