NLH-204 PUB (Re: Page 8, line 10)

EES states, "The base/intermediate/peak method has a sound theoretical rational..." Would EES agree that this statement is subjective and that the B-I-P method is itself controversial?

## Response:

From our perspective, this approach is theoretically correct if units can be strictly identified as serving a base, intermediate or peak use. The controversy is a function of real life circumstances where plants cannot be so easily categorized. This is consistent with our concerns about how to treat a hydro system that serves both peak and base load functions.