

1 **Reference IC-419 NP, lines 25-27**

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3 **Q. Please provide reference in evidence that Newfoundland Power's historic peak loads**
4 **are used in allocation of demand costs to Newfoundland Power in Hydro's cost of**
5 **service study at this GRA.**

6
7 A. Newfoundland Power's native peak demand forecast is used to derive the Newfoundland
8 Power coincident peak in Hydro's 2004 Cost of Service Study.

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10 If Newfoundland Power's peak demand exceeds forecast then its actual load factor is less
11 than its forecast load factor. This lower load factor affects the subsequent demand
12 forecast of Newfoundland Power that is used by Hydro in the allocation of demand costs
13 to Newfoundland Power through Hydro's cost of service study.

14
15 The load factor used to calculate the native peak forecast used in Hydro's 2004 Cost of
16 Service Study is less than the load factor used to derive the native peak forecast for the
17 2001 Hydro GRA. The end result of the lower forecast load factor increases
18 Newfoundland Power's demand forecast. This in turn increases the demand costs
19 assigned to Newfoundland Power by Hydro.
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