

**Re: Page 52, lines 24-29**

Q. This testimony recommends changes to billing demands to Industrial Customers. Assuming the Board approves such a recommendation, please indicate what Industrial Customer demands would be used for cost allocation in Hydro's Cost of Service study.

A. No change is required in the cost-of-service treatment for peak cost allocation (Schedule 3.1B). The cost-of-service study should reflect the expected firm peak demands that IC would impose on the system in the test year. This same approach would be used regardless of the billing demand applied to the IC bills.