

1 Q. In the Stone and Webster report “Review of Rate Design for Newfoundland
2 Power”, Appendix 2 – Treatment of Newfoundland Power Generation Credit,
3 indicates that Exhibit 1 shows the maximum benefit Newfoundland Power
4 would receive if there was no demand credit. The report indicates that the
5 potential reduction in revenue requirements allocated to Newfoundland
6 Power would be \$499,400 before revenue credit and deficit allocation and
7 \$421,802 after the revenue credit and deficit allocation. Please reconcile
8 these numbers with those shown in Exhibit 1 of the same document.

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11 A. As the report was prepared before the finalization of the 2004 Test Year Cost
12 of Service, the amounts quoted in the body of Appendix 2 were based on a
13 prior version of the Cost of Service. The results, based on the finalized 2004
14 Cost of Service, as filed in May, are contained in Exhibit 1.