

1   Q.   Does Newfoundland Power currently receive a signal to provide load  
2       management by virtue of the fact that it is charged for demand in the test  
3       year cost of service study and that demand costs are adjusted in each rate  
4       case?

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7   A.   Yes. However, as discussed in Section 2 of the “Review of Rate Design for  
8       Newfoundland Power”, prepared by Stone & Webster, this price (demand)  
9       signal is indirect at best since it can take significant time to actually see the  
10      impacts in rate structure. Also, an energy-only rate bears no relationship in  
11      either magnitude or proportion of demand and energy to costs that Hydro  
12      incurs in serving NP.