

1 Q. Further to NP-132 NLH: The sample rate filed by Hydro includes a maximum
2 risk to Hydro of 2% of forecast demand costs but has no limit on the
3 maximum demand cost than can be charged to Newfoundland Power.
4 Therefore, please explain why it is expected that “any expense gains or
5 losses will tend to zero-out over time”.

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8 A. The statement refers to the expectation that NP normalized demand less
9 than the 2004 forecast and normalized demand greater than the forecast,
10 adjusted for NP growth in load should tend to be approximately equal in
11 occurrence and therefore will tend to zero out.