Q. If all the conditions and requirements listed in PUB 149 NLH were satisfied,
 what would be the 2004 rate schedule for NP? Please identify all
 assumptions used to arrive at a demand-based rate schedule. (Reference
 Section 2, page 3)
 6

7 Α. If the analyses discussed in the response to PUB-149 NLH were done, and 8 the results were as anticipated, Hydro would propose to use the demand and 9 energy rate structure set forth in Stone & Webster's report "Review of Rate 10 Design for Newfoundland Power". That rate structure, adjusted to yield the 11 filed revenue requirement for Newfoundland Power, and subject to minor 12 adjustments, is shown in the table below. This rate is effectively cost-based. 13 That is, the demand charge of \$7.00/kW is \$0.04/kW less than the fully 14 allocated demand cost of \$7.04/kW.

	Stone Illustra Er	Demand and Stone & Webster Illustrative Demand Energy Rate		Energy Rate Adjusted for NLH Filed Revenue Requirement	
Monthly Charges					
Demand (\$/kW)	\$	7.00	\$	7.00	
Energy (\$/kWh)					
First 420 gWh	\$	0.03440	\$	0.03484	
All array 420 aWh	\$	0.04700	\$	0.04700	

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- The rate utilizes Option A in the Stone & Webster report and is therefore not dependent on NP generation;
- The level of the demand rate is closely reflective of demand costs;
 - Hydro's risk is limited to two percent of its forecast demand costs;

PUB-150 NLH 2003 NLH General Rate Application

Pag	e 2	of	2

1	 Monthly billing demands are based on NP's winter peak;
2	• The rate acts in concert with a demand normalization adjustment;
3	• The energy rate consists of two blocks, the second block reflecting the
4	marginal cost of Holyrood energy production; and
5	The rural deficit and specifically assigned charges continue to be
6	recovered through the energy charge.