

1 Q. Please explain in detail why the logic of pricing NP's second rate block at the
2 test year cost of fuel at Holyrood does not apply equally to industrial rates.

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5 A. Hydro's Industrial Customers are high load factor customers who, in all
6 likelihood, plan their energy use in order to minimize their power on order.
7 Non-firm energy for the Industrial Customers is based on marginal pricing
8 since it reflects the cost of fuel at Holyrood. Nevertheless, to provide an
9 explicit price signal, a second block at the test year cost of fuel at Holyrood
10 can apply equally to industrial rates. See also response to PUB 15 NLH.