

1 **Q:** At page 61 of its report, the Brattle Group recommends “*that the export credit*
2 *be classified and allocated in the same manner as the Muskrat Falls generation,*
3 *as discussed above, namely classified between demand and energy using the*
4 *system load factor and allocated using the 1-CP for demand and the energy*
5 *allocator for energy.*”
6

7 **Hydro will gain revenue from exports that may arise due to energy sales (tied**
8 **to payments for each kW.h exported) or capacity sales (tied to each kW made**
9 **available to the export markets). What is the Brattle Group's view on whether**
10 **it would be more appropriate to classify export revenues based on the relative**
11 **weighting of these two export products, rather than the system load factor?**
12 **Please explain the Brattle Group's view on whether or not this approach would**
13 **be more in line with the classification of export revenue's value.**
14

15 **A.** Since at this time the nature of the contractual relations or market opportunities that
16 will provide Muskrat Falls its source of export revenues is unknown, Brattle chose a
17 method that was relatively agnostic with regard to those issues. If Muskrat Falls
18 develops long-term contracts or a regular pattern of availing itself of particular
19 types of market opportunities, then this choice of allocator can be reviewed in future
20 rate cases.