

1 **Q: Reference: Embedded and Marginal Cost of Service Review, May 3, 2019, The**
2 **Brattle Group, Pages 27, Line 19 to Page 28, Line 3.**

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4 *“Thus changing the classification methodology used for either the Muskrat Falls*
5 *Project Power Purchases or the existing Hydraulic Power Purchase agreements*
6 *will have a material impact on the two rate classes (Newfoundland Power and*
7 *Industrial customers) depending on the load factor or each class.”*

8

9 **Does Brattle agree that the choice of classification methodology used for the**
10 **LIL and LTA (100% demand versus equivalent peaker method) would also**
11 **have a material impact on the customers of Newfoundland Power and the**
12 **Industrial customers?**

13

14 **A.** Yes, we agree that the choice of classification methodology used for the LIL and
15 LTA would also have a material impact on the customers of Newfoundland Power
16 and the Industrial customers. Brattle’s report includes Table 4 at page 31, which
17 indicates the differences in classification between demand and energy when using
18 the system load factor versus the equivalent peaker approach. Moving from 100%
19 demand to the equivalent peaker for these transmission assets would have a
20 similarly material impact.