

1 **Q. Reference Prefiled Evidence of C. Douglas Bowman, page 23, lines 5-6:**
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3 **Is it Mr. Bowman's position that using the system load factor for classification**
4 **purposes does not reflect cost causation?**
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7 **A.** Mr. Bowman believes that system load factor does a very poor job of reflecting cost
8 causation, the primary purpose of a cost of service study, relative to the equivalent
9 peaker approach proposed by Hydro for the Muskrat Falls Project and the marginal
10 cost approach outlined by CA Energy Consultants (see CA Energy Consulting
11 report, section 3.3). Mr. Bowman agrees with the statement made by Mr. Brockman
12 in his pre-filed evidence (page 12, lines 11 to 12) that the system load factor method
13 “*is not rooted in cost causality*”. System planners and operators do not plan and
14 operate the power system to meet the average demand over the year; i.e., the system
15 load factor. They plan and operate the power system to meet demand in all hours of
16 the year at an acceptable level of reliability while meeting socio-environmental
17 requirements.