Q. Brockman Table 4

(a) On page 10 of Mr. Brockman's evidence, please provide the data and the source of the data to calculate the values in Table 4.

(b) Is it Mr. Brockman's view that "production shutdown" load variation merits different considerations than other load variations? Please explain.

A. (a) Table 3 from page 9 of Mr. Brockman's prefiled evidence is reproduced below. Table 3 shows the reductions in estimated load requirements resulting from the Production Shutdowns for the period 2007 to 2010.

Table 3
Impacts of Production Shutdowns
(GWh)

	2007 Test Year	Variance			
		2007	2008	2009F	2010F
IC Class Load	894.3	(34.8)	(203.2)	(427.9)	(479.6)

The source of the Table 3 data is the table titled "kWh Impact on Industrial Load Variation Due to Plant Shutdowns to Forecast December 31, 2010" on page 2 of 3of the response to NP-NLH-10.

The revenue impact in Table 4 in Mr. Brockman's evidence is equal to 3.676¢ per kWh times the reduced energy sales identified in Table 3.

The reduced production cost in Table 4 is based on the 2007 test year Holyrood production costs of 8.805¢ per kWh times the reduced energy sales identified in Table 3.

(b) In Mr. Brockman's view, the treatment of savings resulting from production shutdowns, from a theoretical perspective, should be no different than the treatment of normal variations from forecast in class load. Where changes in load from the test year forecast are typically small in relation to the class load, some imperfection in cost allocation may, from a practical perspective, be acceptable in light of the minimal impact on the overall fairness of the customer rates.

However, in the current circumstance, due to the small number of customers in the Industrial Class on the Newfoundland system, production shutdowns of a few large customers have resulted in substantial changes in system costs. The lack of a causal relationship between the remaining Industrial customers and the substantial cost savings assigned to those customers through the RSP load variation component has created a material concern over whether the resulting

rates to the Industrial customers under the assignment approach would reasonably reflect costs.

In Mr. Brockman's view, the transfers to the Industrial Customers RSP as a result of the production shutdowns since 2007 demonstrate the requirement for a different approach in the RSP to deal with load variations.