

1 Q. (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page 3, lines 21  
2 to 29). It is stated that the cost of service study should be adjusted to normalize  
3 the annual loads of Vale and Praxair. On page 21 (lines 20 to 24) it is stated  
4 *"it is important to review the Cost of Service not just from the perspective of*  
5 *precisely reflecting the 2013 Test Year, but also from the perspective that the rates*  
6 *to be charged arising from this Cost of Service study will be applied in 2014 and*  
7 *beyond. As such, the Cost of Service must also be checked for reasonableness to*  
8 *longer term system costs"*. Given the transitional nature of Vale and Praxair  
9 demand and the fact that the rates deriving from the GRA are expected to  
10 be in place for several years, would it be a more accurate reflection of cost  
11 causation principles if Vale and Praxair demands were normalized over a three  
12 year period; i.e., 2014 through 2016? If not, why not?

13 A. No. While normalization over a period of future years is a possible solution in  
14 theory, in actuality Vale and Praxair will still be in a ramping-up stage for the  
15 2014-2016 years<sup>1</sup>, so it would not be a more accurate reflection of cost  
16 causation.

17 Also using load parameters outside of the Test Year would not match the  
18 revenue requirement to be allocated in the 2013 Cost of Service.

19 A more reasonable cost allocation approach is set out in Hydro's response to IC-  
20 NLH-140: normalizing the total 2013 forecast load, albeit with further adjustments  
21 to reflect a weather normalized NP February peak.

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<sup>1</sup> Load factors ranging from 60% to 87% for Vale and from 34% to 93% for Praxair, per the load forecasts provided in the responses to NP-NLH-011 [Attachment 1, page 2 of 8] and IN-NLH-005 [page 2 of 3].