

- 1 Q. (GRA, Volume II, Exhibit 9 – Cost of Service Study/Utility and Industrial Rate Design  
2 Report, page 10)  
3 The Lummus report states that an Island Interconnected System capacity deficit will  
4 occur in 2015 and that significant transmission line expenditures are planned for  
5 2012 - 2016, which are also capacity-related expenditures. On this basis, the  
6 Lummus report concludes that there does not seem to be justification for muting  
7 the demand price signal by pricing NP's demand at less than the cost based rate.  
8 What is Hydro's forecast of the value of capacity under this scenario?  
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- 11 A. The arrangements for payment of the power and energy from the Lower Churchill  
12 Project are not available at this time. Once they are available, the allocation to  
13 demand and energy will be assessed and an appropriate value of capacity  
14 determined.