

1 Q. **Cost of Service**

2 (Re: Amended GRA) With regard to the capacity assistance agreements, on page
3 2.13 (lines 17 to 18) it is stated "*The 2015 Test Year forecast assumes an annual cost*
4 *of \$2.1 million for these arrangements*". Please explain how the \$2.1 million cost
5 was determined and the methodology used to allocate these costs to customer
6 classes in the cost of service, and show how much of this cost is allocated to each
7 customer class in the cost of service study.

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10 A. The \$2.1 million is comprised of \$1,680,000 for CBPP (60 MW @ \$28) and \$442,400
11 for Vale (15.8 MW @ \$28). This amount was treated as a production demand cost
12 in the Cost of Service and therefore allocated by Island Interconnected System
13 customer class based on 1 Coincident Peak (CP). The amounts per customer class
14 are provided in the table below.

Table 1: Allocation of Costs related to Capacity Assistance Arrangements

	Allocated Cost	
	Production	Production
	Demand	Demand
	(1 CP kW)	\$
Power Purchases - Interruptible Demand		2,122,400
Allocated Cost:		
Newfoundland Power	0.8858	1,879,994
Industrial - Firm	0.0516	109,578
Industrial - Non-Firm	-	0
Rural		
1.1 Domestic	0.0167	35,374
1.12 Domestic All Electric	0.0220	46,767
1.3 Special	0.0001	149
2.1 GS 0-10 kW	-	0
2.2 GS 10-100 kW	0.0102	21,682
2.3 GS 110-1,000 kVa	0.0086	18,279
2.4 GS Over 1,000 kVa	0.0044	9,430
4.1 Street and Area Lighting	0.0005	1,147
Subtotal Rural	0.0626	132,828
Total	1.0000	2,122,400