

1 Q. **Cost of Service**

2 (Amended GRA) Please provide an analysis comparing 2015 costs and revenues
3 under CBPP's current contract to 2015 costs and revenues assuming CBPP hydro
4 generation were treated as a separate entity with payment for energy sold to Hydro
5 priced similarly to generation purchased from other hydraulic generation sources
6 on the Island Interconnected System; i.e., Exploits Generation.

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9 A. The above request is effectively requesting Hydro to assume CBPP can be separated
10 into two entities, one entity being the customer requiring load from Hydro and the
11 other being a generator that sells power to Hydro. The requirement of a frequency
12 converter dedicated to serve CBPP does not permit a clean separation of the
13 generation and paper mill assets. CBPP can utilize all of its generation to meet its
14 mill requirements. However, not all of its generation can be provided to the grid at
15 60 Hz. Therefore, the requested scenario is not possible without a full conversion of
16 CBPP assets 60 Hz and the retirement of the frequency converter.

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18 Under the existing Island Industrial Customer rate, CBPP pays a rate based upon
19 their firm demand requirements from Hydro net of the CBPP generation. The
20 current approach is consistent with historical practice in determining the Island
21 Industrial Customer rates and is comparable with the generation credit approach
22 applied in billing Newfoundland Power.