

1 Q. **Cost of Service**

2 (Re: Amended GRA, Exhibit 4) Page 3 (lines 8 to 10) indicates that the CBPP
3 generation credit savings are allocated to customers as follows: \$327,000 for NP,
4 \$220,000 for the ICs and \$26,000 for Hydro Rural customers. Please provide an
5 explanation of how the cost of service methodology might be modified to provide a
6 fairer allocation of the savings to customer classes; i.e., savings are allocated to
7 customer classes in proportion to energy consumption since the savings from the
8 CBPP generation credit relate to energy.

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11 A. The allocation of the \$573,000 fuel cost savings in the 2015 Test Year was stated
12 incorrectly on page 3 of Exhibit 4. The fuel saving is allocated in the 2015 Test Year
13 Cost of Service Study based upon 2015 production energy at generation providing
14 savings of: \$484,000 to Newfoundland Power, \$51,000 to Island Industrial
15 Customers and \$38,000 to Hydro Rural Interconnected.

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17 Hydro will be filing a correction to Exhibit 4, page 3.