

1 Q. **Reference: Exhibit 9.**

2 Please indicate why Lummus considers “keeping the demand rate equal to cost” to
3 be an overriding rate design constraint for NP, particularly given this was not the
4 principle adopted out of the 2006 GRA.

5

6

7 A. The existing demand rate was the result of negotiation during Hydro’s 2006 GRA.
8 Lummus Consultants does not consider keeping the demand rate equal to cost as
9 an overriding constraint. Rather, in consideration of the Labrador infeed, given the
10 future elimination of Holyrood fuel costs with the replacement energy coming from
11 Muskrat Falls (a hydroelectric source), energy costs may decrease and demand
12 costs may increase.