Q. Please provide the evidence filed by Mr. Brockman in the 1992 COS Hearing with respect to the Rural Deficit allocation methodology.

A. Attachment A provides a copy of the evidence filed by Mr. Brockman in the 1992 COS Hearing with respect to the Rural Deficit allocation methodology.

Newfoundland and Labrador Hydro's
1992 Cost of Service Methodology Hearing:

Newfoundland Power's Evidence

Newfoundland Power Evidence

Newfoundland & Labrador Hydro 1992 Cost of Service Methodology Hearing

August 1992

NEWFOUNDLAND POWER

Testimony of Larry Brockman

Hydro 1992 Cost of Service Investigation

August 1992

with Dr. Sarikas' recommendation on Hydro's cost of service approach on this issue.

Issue Five

Q. How should the Hydro Rural revenue deficit be allocated?

A. Unfortunately, there is no causal theory to guide us here. This deficit was not created by demand, energy, or number of customers. Only the principle of fairness can assist in resolving this issue. Hydro has proposed allocating this deficit on the basis of revenues contributed by the various classes. NP pointed out in the last referral that this method does not seem fair, because certain customers, such as the ones in the Labrador Interconnected area have very low rates and would not pick up a fair share of the costs this way. The Board acknowledged in its report on the 1992 Hydro Rate Referral that at least the Labrador portion of this argument was troublesome.

I recently investigated how regulators in the U.S. have allowed costs that have nothing to do with the cost of serving certain classes to be allocated. The states of California, Florida, Iowa, Maryland, Montana, New Hampshire and New Jersey responded that they allocate some social costs, such as uncollectibles or life-line subsidies, on energy.

My evidence in the 1992 Hydro Rate Referral pointed out that there is no scientific way to resolve this question, but that a 50/50 split between energy and revenues seemed more fair to me than the revenue only split.

I therefore respectfully recommend that the Board consider allocating the Rural Revenue Deficit 50% on energy and 50% on revenues.

As an alternative to NP's preferred method described above, the Board may wish to consider another method. In this method, the total deficit would be separated between the Island system and the Labrador system on the basis of energy sales. These distributions would then be allocated to customer classes within each area according to revenues.

Issue Six

Q. **How should interruptible load that is expected on Hydro's system in late 1993 be treated in the cost of service study?**

A. Interruptible load is by definition, load that is the first shed when the utility is short of capacity. In addition, utilities do not usually plan generation capacity and some portion of their transmission capacity to serve interruptible customers. Because generation and transmission capacity may be avoided for these customers, they expect a lower demand charge than firm customers in exchange for being interruptible.

There are several acceptable ways to treat interruptible customers in the cost of service study. The first way was discussed by Dr. Sarikas in the 1992 Hydro rate referral (on pages 506-508 of the hearing transcript). As Dr. Sarikas pointed out it is not necessary to actually run the cost of service study differently for interruptible customers. Instead, he argues that all demand related generation and transmission

run-out rates (rates for the last energy block) are close to short run marginal energy cost. Unit costs from Scenario 1 would certainly come closer to being directly useable for rate design than unit costs from Scenario 4.

Finally, the relationship between demand costs and energy costs may change when Hydro adds new plant. If the Labrador Infeed line from Churchill Falls ever materializes, the large capital expenditure will be justified primarily on energy savings. Therefore, the transmission line from Churchill Falls should have an energy weighting greater than the 50% recommended in Scenario 1. Adopting an approach which is causally based now should ensure that the proper relationship between demand and energy is maintained in the future.

VIII. Recommendations to the Board

Q. Based on your examination, please summarize your final recommendations to the Board on these matters.

A. After examining the evidence, my recommendations on the proper cost of service method for Hydro are as follows:

(1) That Hydro functionalize generation, transmission and distribution plant serving only Hydro Rural customers only to Hydro Rural, and not as common;

(2) That Hydro classify hydraulic and thermal production plant between demand and energy based on an equivalent peaker method;

(3) That Hydro classify transmission lines as 50% related to demand and 50% related to energy, and substation and transmission terminal equipment as 100% related to demand;

(4) That Hydro allocate the demand related portions of hydraulic and thermal production plant and transmission plant to the rate classes based on a 5 CP demand allocator. Energy related costs should be allocated on energy weighted for losses;

(5) That Hydro allocate the Hydro Rural revenue deficit between Labrador and Island Interconnected customer classes, 50% on revenues and 50% on energy; and,

(6) That at the time interruptible customers become a reality, the exact details of the impact on cost allocation among customer classes should be reviewed by the Board.

Newfoundland Light & Power Co. Limited
Summary of Cost of Service Scenarios

LBB-1
Page 1 of 1
Revised

Scenario	Revenue Allocated to Classes				
	NP $(000's)	Island Industrials $(000's)	Labrador Industrials $(000's)	Labrador Rural Interconnected $(000's)	Total $(000's)
1. Recommended by NP - $340/kW Equivalent Peaker Generation Classification - Fuel 100% Energy except Gas Turbines 100% Demand - Transmission Lines 50/50 Demand/Energy; Substation and Terminal Equipment 100% Demand - Deficit Allocated 50/50 Revenue/Energy - Northern Peninsula Directly Assigned - 5CP Allocator Generation/Transmission Plant	189.4	48.3	5.0	11.6	254.3
2. Previous (Approved '77 Method) - Generation 50/50 Demand/Energy Adjusted for Capacity Factor (including fuel) - All Transmission Plant 50/50 Demand/Energy - Deficit Allocated 100% Revenue (per RAB-2) [1] - Northern Peninsula Directly Assigned - AED Allocator Generation/Transmission Plant	193.6	45.0	4.6	11.1	254.3
3. High Sensitivity by NP - $680/kW Equivalent Peaker - Fuel 100% Energy except Gas Turbines 100% Demand - All Transmission Plant 100% Demand - Deficit Allocated 100% Revenue - Northern Peninsula Directly Assigned - 5CP Allocator Generation/Transmission Plant	195.0	43.8	4.3	11.2	254.3
4. Recommended by Hydro - Generation Plant 100% Demand - All Fuel 100% Energy - All Transmission Plant 100% Demand - Deficit Allocated 100% Revenue - Northern Peninsula Common - AED Allocator Generation Plant - CP Allocator Transmission Plant	197.4	41.8	4.2	10.9	254.3

[1] Deficit Allocation Method was not an issue in 1977 - 100% Revenue Allocator was used in RAB-2.

APPENDIX 2

Scenario 1

Recommended by NP

NEWFOUNDLAND HYDRO

1992 Forecast

Comparison of Revenue & Allocated Revenue Requirement

($000)

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Sch 1.2
NEW355PE

Base Case
$355/kW Peaker

50% Revenue
50% Energy
Deficit Alloc.

Line No.	Description	Allocated Revenue Reqt	Revenue Before Deficit Alloc	Deficit	Deficit Alloc 50% Rev	Revenue Deficit Alloc 50% Energy	Revenue After Deficit Alloc	Ratio
1	Newfoundland Power	163,968	163,968		13,345	12,145	189,458	1.16
2	Island Industrial	41,363	41,363		3,367	3,541	48,271	1.17
3	Labrador Industrial	3,723	3,723		303	978	5,004	1.34
	Rural							
4	Island Interconnected	35,112	23,112	12,000	(6,000)	(6,000)	23,112	0.66
5	Isolated Systems	34,593	10,988	23,605	(11,803)	(11,803)	10,988	0.32
6	Labrador Interconnected	9,679	9,679	0	788	1,138	11,605	1.20
7	Subtotal Rural	79,384	43,779	35,605	(17,015)	(16,665)	45,705	0.58
	Total	288,438	252,833	35,605	(0)	0	288,438	1.00
	Island Interconnected							
8	Newfoundland Power	163,968	163,968	0	13,345	12,145	189,458	1.16
9	Industrial	41,363	41,363	0	3,367	3,541	48,271	1.17
10	Rural	35,112	23,112	12,000	(6,000)	(6,000)	23,112	0.66
11	Total	240,443	228,443	12,000	10,712	9,686	260,841	1.08

NEWFOUNDLAND HYDRO

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Sch 1.3.1

Island Interconnected

NEW355PE

Total Demand, Energy and Customer Amounts

($000)

Line No.	Description	Before Deficit Allocation Total	Before Deficit Allocation Demand	Before Deficit Allocation Energy	Before Deficit Allocation Customer	After Deficit Allocation Total	After Deficit Allocation Demand	After Deficit Allocation Energy	After Deficit Allocation Customer
	Island Interconnected								
1	Newfoundland Power	163,968	53,501	108,224	2,243	189,458	61,818	125,048	2,592
2	Industrial	41,363	8,598	31,796	968	48,271	10,034	37,106	1,130
3	Rural	35,112				23,112			
4	Total	240,442				260,840			

Sch 1.3.2

Sch 1.3.2

	Demands, Sales & Bills	Billing Dems (kw)	Sales (mwh)	Bills (Total No)	Sales Used For Deficit Alloc.	Sales Deficit Alloc. Factor
	Island Interconnected					
5	Newfoundland Power	11,805,000	4,284,100	12	4,284,100	0.6822
6	Industrial	2,043,300	1,249,200	84	1,249,200	0.1989
7	Rural		273,199			
	Labrador Interconnected					
8	Industrial		345,100		345,100	0.0550
9	Rural		401,373		401,373	0.0639
					6,279,773	1.0000

Sch 1.3

Sch 1.3

		Before Deficit Allocation Total	Before Deficit Allocation Demand ($/kw)	Before Deficit Allocation Energy ($/kwh)	Before Deficit Allocation Customer ($/Bill)	After Deficit Allocation Total	After Deficit Allocation Demand ($/kw)	After Deficit Allocation Energy ($/kwh)	After Deficit Allocation Customer ($/Bill)
	Unit Demand, Energy & Customer Amounts								
8	Newfoundland Power		4.53	0.0253	186,956		5.24	0.0292	216,020
9	Industrial		4.21	0.0255	11,529		4.91	0.0297	13,454

NEWFOUNDLAND HYDRO

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Island Interconnected

NEW355PE

Functional Classification of Revenue Requirement

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(L)
		($000)					Distribution			
				Prod &						Spec
Line		Total	Prod	Trans	Trans	Rural	Substation		Acct	Assigned
No.	Description	Amount	Demand	Energy	Demand	Trans	Demand	Other	Customer	Customer
	Expenses									
1	Operating & Maintenance	61,974	16,951	27,451	4,859	2,740	1,228	6,554	1,074	1,116
2	Fuels	38,433	418	38,015		0				
3	Power Purchased	428		428						
4	Depreciation	20,399	8,217	8,284	1,343	608	262	1,316	0	369
	Expense Credits									
5	Sundry	(61)	(17)	(27)	(5)	(3)	(1)	(6)	(1)	(1)
6	Building Rental Income	(131)	(28)	(77)	(11)	(6)	(2)	(5)	0	(2)
7	Tax Refunds	(56)	(15)	(25)	(4)	(2)	(1)	(6)	(1)	(1)
8	Suppilers' Discounts	(75)	(21)	(33)	(6)	(3)	(1)	(8)	(1)	(1)
9	Pole Attachments	(426)						(426)		
10	Subtotal Expenses	120,485	25,505	74,016	6,176	3,334	1,485	7,419	1,071	1,479
11	Interest	110,568	21,624	68,099	9,912	5,360	1,412	2,564	0	1,598
12	Disposal Gain/Loss	186	36	115	17	9	2	4	0	3
13	Subtot Rev Reqt Excl Margin	231,239	47,165	142,230	16,104	8,702	2,899	9,987	1,071	3,080
14	Margin	9,205	1,800	5,669	825	446	118	213	0	133
15	Total Revenue Requirement	240,444	48,966	147,900	16,929	9,148	3,016	10,200	1,071	3,213

NEWFOUNDLAND HYDRO

Sch 2.2A

Island Interconnected

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Sch 2.2A
NEW355PE

Functional Classification of Plant in Service for the Allocation of O&M Expenses

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		($000)					Distribution			
				Prod &						Spec
Line		Total	Prod	Trans	Trans	Rural	Substation		Acct	Assigned
No.	Description	Amount	Demand	Energy	Demand	Trans	Demand	Other	Customer	Customer
	Production									
	Hydraulic									
1	Bay D'Espair	170,974	54,883	116,091						
2	Upper Salmon	168,615	22,999	145,616						
3	Hinds Lake	79,068	16,122	62,946						
4	Cat Arm	263,255	36,487	226,768						
5	Paradise River	21,306	7,135	14,171						
6	Snooks Arm/V Bight	99	0	0		99				
7	Subtotal Hydraulic	703,317	137,626	565,592	0	99				
8	Holyrood	164,925	75,833	89,092						
9	Gas Turbines	16,977	16,977	0						
10	Diesel	3,226	0	0		3,226				
11	Subtotal Production	888,445	230,436	654,684	0	3,325				
	Transmission									
12	Lines	193,468	1,317	69,632	69,632	45,766				7,122
13	Terminal Stations	105,729	33,675	0	37,143	8,068	11,820	0	0	15,023
14	Subtotal Transmission	299,197	34,992	69,632	106,775	53,834	11,820	0	0	22,145
15	Total Distribution	49,617	206				3,976	45,435	0	
16	Subtotal Prod Trans Dist	1,237,259	265,634	724,316	106,775	57,159	15,796	45,435	0	22,145
17	General	62,166	13,347	36,393	5,365	2,872	794	2,283	0	1,113
18	Telecontrol - Common	36,476	8,268	22,563	3,326	1,951	368			
19	Telecontrol - Specific	331								331
20	Feasibility Studies	2,232	1997		214	22	0	0	0	
21	Total Plant	1,338,464	289,246	783,272	115,679	62,004	16,958	47,718	0	23,589

NEWFOUNDLAND HYDRO

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Island Interconnected

NEW355PE

Functional Classification of Net Book Value

($000)

Line No.	Description	Total Amount	Prod Demand	Prod & Trans Energy	Trans Demand	Rural Trans	Distribution: Substation Demand	Distribution: Other	Acct Customer	Spec Assigned Customer
	Production									
	Hydraulic									
1	Bay D'Espair	145,046	46,560	98,486						
2	Upper Salmon	167,332	22,824	144,508						
3	Hinds Lake	77,552	15,813	61,739						
4	Cat Arm	262,415	36,371	226,044						
5	Paradise River	21,219	7,106	14,113						
6	Snooks Arm/V Bight	13	0	0		13				
7	Subtotal Hydraulic	673,577	128,674	544,890	0	13				
8	Holyrood	90,475	41,600	48,875						
9	Gas Turbines	7,546	7,546	0						
10	Diesel	471	0	0		471				
11	Subtotal Production	772,069	177,820	593,765	0	484				
	Transmission									
12	Lines	173,565	1,302	62,658	62,658	42,942				4,005
13	Terminal Stations	90,510	27,161	0	32,671	7,814	11,152			11,712
14	Subtotal Transmission	264,075	28,463	62,658	95,329	50,756	11,152	0	0	15,717
15	Total Distribution	27,837	50				2,512	25,275	0	
16	Subtotal Prod Trans Dist	1,063,981	206,333	656,423	95,329	51,240	13,664	25,275	0	15,717
17	General	42,751	8,291	26,375	3,830	2,059	549	1,016	0	632
18	Telecontrol - Common	24,687	4,905	15,608	2,267	1,643	265			
19	Telecontrol - Specific	40								40
20	Feasibility Studies	2,492	2,240		227	24	0	0	0	
21	Total Plant	1,133,951	221,768	698,406	101,653	54,966	14,478	26,291	0	16,389

NEWFOUNDLAND HYDRO

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Island Interconnected

Functional Classification of O&M Expenses

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		($000)					Distribution			
Line				Prod &						Spec
No.	Description	Total Amount	Prod Demand	Trans Energy	Trans Demand	Rural Trans	Substation Demand	Other	Acct Customer	Assigned Customer
	Production									
1	Hydraulic	7,528	1,473	6,054	0	1				
2	Holyrood	13,907	6,394	7,513	0	0				
3	Gas Turbines	811	811	0	0	0				
4	Diesel	268	0	0	0	268				
5	Subtotal Production	22,514	8,679	13,566	0	269				
	Transmission									
6	Lines	4,389	30	1,580	1,580	1,038				162
7	Terminal Stations	3,324	1,059	0	1,168	254	372	0		472
8	Subtotal Transmission	7,713	1,089	1,580	2,747	1,292	372	0	0	634
9	Total Distribution	4,230	18				339	3,873		
10	Subtotal Prod Trans Dist	34,457	9,785	15,146	2,747	1,561	711	3,873	0	634
11	Customer Accounting	662							662	
	Overheads									
	Plant Related									
12	Production	499	129	368						
13	Transmission	210	25	49	75	38	8			16
14	Production & Trans	201	45	123	18	10	2			4
15	Distribution	168	1				13	154		0
16	Other	3,254	703	1,905	281	150	42	115	0	58
17	Property Insurance	663	173	431	28	10	10			10
18	Expense Related	21,863	6,091	9,429	1,710	972	442	2,411	412	395
19	Subtotal Overheads	26,858	7,166	12,304	2,112	1,179	518	2,681	412	482
20	Tot Oper & Maint Expense	61,977	16,951	27,451	4,859	2,740	1,228	6,554	1,074	1,116

NEWFOUNDLAND HYDRO

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Island Interconnected

Functional Classification of Depreciation Expense

($000)

Line No.	Description	Total Amount	Prod Demand	Prod & Trans Energy	Trans Demand	Rural Trans	Distribution Substation Demand	Distribution Other	Acct Customer	Spec Assigned Customer
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Production									
	Hydraulic									
1	Bay D'Espair	701	225	476						
2	Upper Salmon	222	30	192						
3	Hinds Lake	241	49	192						
4	Cat Arm	189	26	163						
5	Paradise River	32	11	21						
6	Snooks Arm/V Bight	1	0	0	0	1				
7	Subtotal Hydraulic	1,386	341	1,044	0	1				
8	Holyrood	7,418	3,411	4,007						
9	Gas Turbines	806	806	0						
10	Diesel	56	0	0	0	56				
11	Subtotal Production	9,666	4,558	5,051	0	57				
	Transmission									
12	Lines	1,180	3	445	445	209				79
13	Terminal Stations	1,185	425	0	429	48	83			200
14	Subtotal Transmission	2,365	428	445	874	257	83	0	0	279
15	Total Distribution	1,121	3				105	1,013	0	
16	Subtotal Prod Trans Dist	13,152	4,989	5,495	874	314	188	1,013	0	279
17	General	3,934	1,492	1,644	261	94	56	303	0	83
18	Telecontrol - Common	2,579	1,039	1,145	182	195	17			
19	Telecontrol - Specific	5								5
20	Feasibility Studies	728	696		26	5	0	0	0	2
21	Total Depreciation Expense	20,398	8,217	8,284	1,343	608	262	1,316	0	369

NEWFOUNDLAND HYDRO

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Island Interconnected

NEW355PE

Basis of Allocation to Classes of Service

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		($000)					Distribution			
Line		Total	Prod	Prod & Trans	Trans	Rural	Substation		Acct	Spec Assigned
No.	Description	Amount	Demand	Energy	Demand	Trans	Demand	Other	Customer	Customer
			(5CP kw)	(mwh @ Gen)	(5CP kw)	Direct	Direct	Direct	Direct	
	Amount									
1	Newfoundland Power		954,563	4,390,777	921,660					
2	Industrial		153,408	1,290,017	148,120					
3	Rural		67,735	319,697	65,400					
4	Total		1,175,706	6,000,491	1,135,180					
	Ratios									
5	Newfoundland Power		0.8119	0.7317	0.8119					
6	Industrial		0.1305	0.2150	0.1305					
7	Rural		0.0576	0.0533	0.0576	1.0000	1.0000	1.0000	1.0000	
8	Total		1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	

NEWFOUNDLAND HYDRO

Sch 3.2A

Island Interconnected

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NEW355PE

Allocation of Functional Amounts to Classes of Service

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		($000)					Distribution			
Line				Prod &			Substation			Spec
No.	Description	Total Amount	Prod Demand	Trans Energy	Trans Demand	Rural Trans	Demand	Other	Acct Customer	Assigned Customer
	Allocated Revenue Requirment Excluding Margin									
1	Newfoundland Power	157,586	38,294	104,075	13,075					2,142
2	Industrial	39,770	6,154	30,577	2,101					937
3	Rural	33,881	2,717	7,578	928	8,702	2,899	9,987	1,071	0
4	Total	231,238	47,165	142,230	16,104	8,702	2,899	9,987	1,071	3,079
	Allocated Margin									
5	Newfoundland Power	6,382	1,462	4,149	670					102
6	Industrial	1,593	235	1,219	108					31
7	Rural	1,230	104	302	48	446	118	213	0	0
8	Total	9,205	1,800	5,669	825	446	118	213	0	133
	Total Allocated Revenue Requirment									
9	Newfoundland Power	163,968	39,756	108,224	13,745					2,244
10	Industrial	41,363	6,389	31,796	2,209					969
11	Rural	35,112	2,821	7,880	975	9,148	3,016	10,200	1,071	
12	Total	240,443	48,966	147,900	16,929	9,148	3,016	10,200	1,071	3,213

NEWFOUNDLAND HYDRO

Sch 3.3A

Island Interconnected

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Allocation of Specifically Assigned Amounts to Classes of Service

Line No.	Description	Total Amount	O&M Transmission Lines	O&M Transmission Terminals	O&M Admin & General	Depreciation Lines & Terminals	Depreciation Telecntr & Feas Study	Depreciation General	Expense Credits	Interest & Gain/Loss	Subtotal Excl Margin
		($000)	(Plant)	(Plant)	(e + f)	(Direct)	(Direct)			(NBV)	
	Basis of Allocated Amounts										
1	Newfoundland Power		2,950	9,697	12,647			213		12,033	
2	Industrial		4,172	5,327	9,499			66		3,725	
3	Rural		0	0	0			0		0	
4	Total	0	7,122	15,024	22,146	0	0	280	0	15,758	0
	Ratios										
5	Newfoundland Power		0.4142	0.6454	0.5711			0.7627		0.7636	
6	Industrial		0.5858	0.3546	0.4289			0.2373		0.2364	
7	Rural		0.0000	0.0000	0.0000			0.0000		0.0000	
8	Total	0	1.0000	1.0000	1.0000			1.0000		1.0000	
	Amounts Allocated										
9	Newfoundland Power	2,244	67	305	275	213	0	64	(4)	1,222	2,142
10	Industrial	969	95	167	207	66	6	20	(2)	378	937
11	Rural	0	0	0	0	0	0	0		0	0
12	Total	3,213	162	472	482	280	6	83	(6)	1,601	3,079

NEWFOUNDLAND HYDRO

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Sch 4.1

Island Interconnected

Calculation of Generation & Transmission AED Factors

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Sales+Losses	Class 5CP	Class NCP						
Line		For AED	AT	AT	----Average Demand---		----Excess Demand----		--------Total--------	
No.	Rate Class	mwhs	Generator	Generator	Amount	Weighted	Amount	Weighted	Weighted	Amount
			(5CP kw)*	(NCP kw)						
	Generation									
1	Newfoundland Power	4,390,777	954,563	1,015,791	501,230	0.4076	514,561	0.3856	0.7932	975,372
2	Industrial	1,274,029	153,408	168,436	145,437	0.1183	22,999	0.0172	0.1355	166,629
3	Rural	319,697	67,735	92,068	36,495	0.0297	55,573	0.0416	0.0713	87,703
4	Subtotal at Generation	5,984,503	1,175,706	1,276,295	683,162	0.5556	593,133	0.4444	1.0000	1,229,704

		Sales+Losses	Class 5CP	Class NCP						
		For AED	AT	AT	----Average Demand---		----Excess Demand----		--------Total--------	
		mwhs	Trans	Trans	Amount	Weighted	Amount	Weighted	Weighted	Amount
			(5CP kw)	(NCP kw)						
	Transmission									
5	Newfoundland Power	4,284,100	921,660	983,750	489,053	0.4119	494,697	0.3825	0.7944	943,206
6	Industrial	1,243,075	148,120	163,123	141,904	0.1195	21,219	0.0164	0.1359	161,384
7	Rural	302,467	65,400	87,061	34,528	0.0291	52,533	0.0406	0.0697	82,756
8	Subtotal at Transmission	5,829,642	1,135,180	1,233,934	665,484	0.5605	568,450	0.4395	1.0000	1,187,345

	JAN/92	FEB/92	MAR/92	NOV/92	DEC/92	(5CP mw)
Coincident Peaks						
Transmission CP*						
5 Newfoundland Power	970.2	921.7	873.1	873.1	970.2	921.7
6 Industrial	148.4	148.0	148.1	147.7	148.4	148.1
7 Rural	68.8	68.4	61.2	60.1	68.5	65.4
	1,187.4	1,138.1	1,082.4	1,080.9	1,187.1	1,135.2

* Class 5CP at Transmission and Generator as per response to NP-38 (Page 3 & 4 of 25)

Sch 4.2 NEWFOUNDLAND HYDRO 9-SEP-92

Base Case Sch 4.2

$355/kW Peaker Island Interconnected NEW355PE

50% Revenue Functionalization and Classification Ratios

50% Energy

Deficit Alloc.

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
							Distribution				
				Prod &						Spec	
Line		Total	Prod	Trans	Trans	Rural	Substation		Acct	Assigned	Plant Cost
No.	Description	Amount	Demand	Energy	Demand	Trans	Demand	Other	Customer	Customer	In 1991 $
	Cost of Peaker used for D/E Splits		$355 /kW								$/kW
	Cost of Peaker (Paradise River)		933 /kW								
	Production										
	Hydraulic										
1	Bay D'Espair	100.0%	32.10%	67.90%							1,106
2	Upper Salmon	100.0%	13.64%	86.36%							2,602
3	Hinds Lake	100.0%	20.39%	79.61%							1,741
4	Cat Arm	100.0%	13.86%	86.14%							2,561
5	Paradise River	100.0%	33.49%	66.51%							2,786
6	Snooks Arm/V Bight	100.0%	0.00%	0.00%		100.00%					
7	Subtotal Hydraulic		19.57%	80.42%		0.01%					
8	Holyrood	100.0%	45.98%	54.02%							772
9	Gas Turbines	100.0%	100.00%	0.00%							
10	Diesel	100.0%	0.00%	0.00%		100.00%					
11	Purchase Power Island	100.0%		100.0%							
	Transmission										
12	Lines	100.0%		50.0%	50.0%						
13	Terminal Stations	100.0%		0.0%	100.0%						
14	Subtotal Transmission										
15	Total Distribution	100.0%						100.0%			