Q. [Response to Request for Information IC-NLH-126]

Please confirm that the electricity demand of Corner Brook Pulp & Paper used in Hydro's 2015 Cost of Service Study reflects full deduction for the output of Corner Brook Pulp & Paper's Deer Lake power hydraulic facility. If InterGroup is unable to provide the confirmation requested, please explain in detail why not.

A. Not confirmed.

Please see Table 7-1 on page 57 of the Updated Pre-filed Testimony prepared by InterGroup Consultants, which shows the use of up to 26 MW of output from CBPP hydraulic generation being unavailable to offset 60 Hz purchases from Hydro, and instead being either unused (e.g., spillage if there is sufficient water, or else idled units) or use in the electric boiler.

Also note that for any industrial customer, unlike for NP, the Cost of Service study uses the customer's own elected Power on Order as the peak demand input. For NP the COS uses the highest expected peak on a normalized basis. Due to the structure of the industrial contracts, Power on Order is a more aggressive standard than highest expected peak, as it reflects the maximum demand that the customer expects it may take at firm power rates throughout an upcoming year including a customer's own risk aversion for possible unexpected load excursions or load changes. By definition, the actual industrial customer firm load peak for the year will never exceed Power on Order (as any excess demand will be only served as Interruptible Demand) but could fall below Power on Order. The NP peak used in the cost of service is understood to be more akin to a best forecast, without the upward adjustments for such factors as conservatism, financial penalties or risk avoidance that accompanies the industrial customer selection of Power on Order.