

1 Q. Further to response to Requests for Information PUB-NLH-136 and NP-NLH-132:
2 What is Lummus Consultants' opinion on whether it is more reasonable for the
3 2013 Test Year cost of service study to use a capacity factor for Holyrood based
4 upon (i) an historic period of low energy production or (ii) to also consider forecast
5 production reflecting the period in which rates will be in effect (i.e., in which
6 Holyrood energy production and its capacity factor will be materially higher than
7 recent history)?
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10 A. The Holyrood capacity factor is used to classify non-fuel oil costs between demand
11 and energy. Use of a five-year historical average at the time of Hydro's GRA
12 provides a degree of stability and may be reflective of a long-term trend.
13 Incorporating forecast Holyrood production, solely or in combination with historical
14 production, introduces a degree of uncertainty as Hydro's fuel oil requirements are,
15 in part, related to available hydraulic generation, which is also variable. Since
16 Holyrood is expected to be retired in the near future, it is recommended that
17 current methodology remain intact.