

1 Q. **Re: NLH Evidence, Section 4, page 4.3 to 4.5**

2 Please explain the justification for the size of the first block in the proposed NP rate
3 (280,000,000 kWh), presenting all assumptions necessary to reproduce the
4 calculations.

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7 A. Please refer to Exhibit 9, Page 10. Based on the forecast load for 2013-

8 2015, NP's consumption in the summer months is expected to remain above 280

9 GWh. The size of the first block was based upon this expectation. Since the

10 proposed first block energy charge of 2.786 ¢ per kWh is significantly less than the

11 second block rate of 10.400 ¢ per kWh, it is desirable to size the first block so that

12 the RSP load variation will attract little, if any, variation in sales at the first block

13 rate. This minimizes the NP load variation in the RSP.