

1 Q. Further to response to Request for Information PUB-NLH-109:
2 Please explain why the cost of the rural deficit and customer-related costs are
3 included in the marginal energy rate of 10.400¢ per kWh proposed for
4 Newfoundland Power.

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7 A. The rural deficit and customer-related costs were included in the marginal energy
8 rate of \$0.10400 per kWh in order to bring the price signal for the second block as
9 close to the marginal cost of fuel as possible without exceeding the revenue
10 requirement or lowering the first block to an unduly low level.