

1     Q.     Further to response to Requests for Information NP-NLH-123 and  
2           NP-NLH-150:

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4           Please reconcile the response of Lummus Consultants (response to Request for  
5           Information NP-NLH-123) which indicates the wholesale demand charge provides a  
6           benchmark for Newfoundland Power in assessing load management initiatives, with  
7           Hydro's position (response to Request for Information NP-NLH-150) which indicates  
8           that a more than doubling of the wholesale demand charge should not be  
9           interpreted by Newfoundland Power as a signal for assessing conservation and  
10          demand management initiatives.

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13     A.     Whereas the wholesale demand charge provides a benchmark for Newfoundland  
14           Power (NP) in assessing load management initiatives, its principal purpose is to  
15           provide a cost-based price signal. Viewed from a different perspective, the present  
16           demand rate to NP was largely the result of negotiation, and is significantly less  
17           than a cost-based rate. The proposed demand rate to NP virtually doubled and now  
18           approaches demand costs as per the Cost of Service. There was only a moderate  
19           increase in the demand costs from 2007 to 2013.