

1 Q. Hydro evidence page 13, line 5 - 6 says that Hydro is proposing " to allocate net
2 load variance for both NP and IC customers on customer energy ratios ". In
3 response to PUB-NLH-19, page 2 of 2, line 7, Hydro says they propose" ... to have
4 the load variation changed to one based on cost of service treatment."
5 Please explain why Hydro uses the terms "customer energy ratios" and "cost of
6 service treatment" interchangeably when describing the proposed allocation
7 method for the load variation.

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10 A. In 1992, a hearing before the Board was held regarding Hydro's Cost of Service
11 (COS) methodology. During that hearing, the Board received interventions from
12 Consumer Advocate, NP, Abitibi Price Inc., Deer Lake Power, Corner Brook Pulp and
13 Paper Company Limited, Newfoundland Processing Limited and others. In that
14 proceeding, Hydro proposed to allocate annual energy costs, including fuel at
15 Holyrood, in proportion to class annual energy use, or customer class energy ratios.
16 In its February 1993 Report on the COS methodology, the Board ruled "that Hydro's
17 proposed method of allocating energy costs be approved." Customer energy ratios
18 continue to be used to allocate annual energy costs in the cost of service.