

1 Q. **Cost of Service**

2 (Re: Amended GRA) Section 4.3.4 (page 4.17) addresses capacity assistance  
3 agreements. It is understood (page 3.14, lines 6 to 10) that the cost of capacity  
4 assistance from CBPP in 2014 was \$6.1 million. How does Hydro propose to collect  
5 this cost from customers, on what basis, and how much of, this cost will be  
6 allocated to each customer class?

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9 A. The \$6.1 million relating to the cost of capacity assistance from CBPP in 2014  
10 formed part of the \$9.7 million total capacity-related supply costs deferral that  
11 Hydro applied for on October 8, 2014 and was subsequently approved through  
12 Board Order No. P.U. 56(2015). As detailed in Hydro's Amended Application, Hydro  
13 requested that the Board approve the deferral and recovery of \$9.7 million in  
14 capacity-related supply costs over a five-year period commencing in the 2015 Test  
15 Year.

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17 Accordingly, Hydro has reflected one-fifth of the \$9.7 million total cost or \$1.9  
18 million in its 2015 Test Year revenue requirement, with the remaining balance  
19 included in rate base as a deferred charge. The portion associated with capacity  
20 assistance from CBPP (\$6.1 million or \$1.25 million in the 2015 Test Year revenue  
21 requirement) accounts for 63% of the deferred cost reflected in the 2015 Test Year.  
22 The \$1.9 million (including the \$1.25 million for CBPP) is classified as a production  
23 demand cost for the 2015 Test Year and allocated to the Island Interconnected  
24 System customer classes on the basis of 1 Coincident Peak (CP). See Table 1.

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**Table 1: Allocation of CBPP Capacity Related Supply Cost Deferral**

	<b>Basis of Allocation (1 CP kW)</b>	<b>Total \$</b>	<b>CBPP \$</b>
Capacity Related Supply Cost Deferral		1,991,280	1,254,506
<b>Amounts</b>			
Newfoundland Power	0.8858	1,763,849	1,111,225
Industrial - Firm	0.0516	102,809	64,770
Industrial - Non-Firm	-	-	-
<b>Rural</b>			
1.1 Domestic	0.0167	33,189	20,909
1.12 Domestic All Electric	0.0220	43,878	27,643
1.3 Special	0.0001	140	88
2.1 GS 0-10 kW	-	-	-
2.2 GS 10-100 kW	0.0102	20,342	12,816
2.3 GS 110-1,000 kVa	0.0086	17,150	10,804
2.4 GS Over 1,000 kVa	0.0044	8,847	5,574
4.1 Street and Area Lighting	0.0005	1,076	678
<b>Subtotal Rural</b>	<b>0.0626</b>	<b>124,622</b>	<b>78,512</b>
<b>Total</b>	<b>1.0000</b>	<b>1,991,280</b>	<b>1,254,506</b>