

1 Q. **Reference: Volume II, Exhibit 13: 2013 Cost of Service Study**

2 Please provide the classification ratios (i.e., demand/energy cost split) for each
3 source of energy purchases reflected in the 2013 Test Year on the Island
4 Interconnected System. In the response, please provide the basis for each
5 classification ratio. (Volume II, Exhibit 13)

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8 A. The classification ratio (Schedule 4.1, Page 2 of 2 of Hydro's Cost of Service Study)
9 for the power purchases reflected in the 2013 Test Year on the Island
10 Interconnected System, is based on the Island Interconnected System load factor.
11 Specifically, for the 2013 Test Year, the demand/energy split is 44.61/55.39. The
12 resulting power purchase classification can be found on Schedule 4.4, Page 1 of 1.

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14 It is appropriate to use the system load factor as the basis for the classification
15 ratio, since the primary source of the power purchases is hydraulic generation;
16 further, Hydro's approved classification methodology for its own hydraulic
17 generation, also shown on Schedule 4.1, is the system load factor.