Q. **Reference: Application**

Discuss any other hours-of-use block boundaries and demand-charge levels evaluated by Hydro and CA Energy. As part of the response, discuss why these alternatives were rejected.

A. *This response was provided by Christensen Associates Energy Consulting ("CA Energy").*

At Newfoundland and Labrador Hydro's instruction, CA Energy evaluated several block boundaries, from 250 to 400 Hours of Use ("HOU"), and three demand price levels: zero, $5.50 per kW-month (to parallel the Utility rate's demand price), and $12.00 per kW-month. Regarding the selection of HOU boundary, the design objective was to make it likely that customers would reach block 2 most of the time. As with other block designs, it is difficult to include all customers in all billing months if the range of load factors and seasonality is substantial. This proved to be the case here, as noted in the report (p. 5). Regarding the selection of demand price, a moderate demand price (and a moderate change from the existing rate's demand price) limits the bill impact differences across customers. Please see the discussion of alternative price choice in the report (p. 8).