

1 Q. **Reference: PUB-NLH-061**

2 PUB-NLH-061 indicates that Industrial service agreements typically include a demand-related
3 liquidated damages amount based in part on the applicable Firm Power Demand rate. Please
4 quantify, for each existing Island Industrial customer or on an aggregate basis if customer-
5 specific information is confidential, the demand-related liquidated damages that would apply
6 under existing rates and under Hydro's proposed rates, and the percentage reduction resulting
7 from the proposed change in the Firm Power Demand rate.

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10 A. Newfoundland and Labrador Hydro's ("Hydro") Industrial service agreements generally provide
11 for a demand-related liquidated damages amount calculated as 0.85 of the customer's then-
12 current Billing Demand for Firm Power, multiplied by the applicable Firm Power Demand charge,
13 multiplied by 24 months.

14 For illustrative purposes, Hydro calculated the aggregate demand-related liquidated damages
15 using the Island Industrial Firm class billing demand reflected in the 2027 Test Year Cost of
16 Service Study. The 2027 Test Year annual billing-demand units are 1,095,600 kW, equivalent to
17 an average monthly billing demand of 91,300 kW.

18 Applying the existing Firm Power Demand charge of \$10.73 per kW per month results in
19 aggregate demand-related liquidated damages of approximately \$19.98 million.¹

20 Applying Hydro's proposed Firm Power Demand charge of \$5.50 per kW per month results in
21 aggregate demand-related liquidated damages of approximately \$10.24 million.²

22 The proposed change in the Firm Power Demand charge therefore reduces the illustrative
23 aggregate demand-related liquidated damages by approximately \$9.74 million, or 48.7%.

¹ Average monthly billing demand of 91,300 kW * 0.85 * \$10.73 * 24 months.

² Average monthly billing demand of 91,300 kW * 0.85 * \$5.50 * 24 months.

1 The calculation is illustrative. The actual amount payable by an individual customer would
2 depend on that customer's then-current Billing Demand if the applicable provision is ever
3 triggered.