

1 Q. **Reference: Response to NP-NLH-101**

2 The second test is based on the total generation level sustained regardless of the relative
3 contribution from hydraulic and thermal generation. Explain Hydro's rationale for using two
4 different processes for the first and second test.

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7 A. The purpose of the generation test is to see if Newfoundland Power Inc. ("Newfoundland
8 Power") can generate to the value of thermal and hydraulic components of the generation
9 credit separately. If the level is not sustained for each component, Newfoundland Power will be
10 given the opportunity for a second test, where if the level is not sustained for each component
11 but is met in total, Newfoundland Power will not be penalized in calculating the billing demands.
12 The results of the testing may be used, primarily for the thermal portion, in assessing the value
13 of the credit in the next general rate application.