

1 **Q. Please provide all sources and workpapers used in calculating the Tail Block rate**
2 **(incl. RSA & MTA) and the Short-Run Marginal Cost for all classes as shown on**
3 **Table 4 in Mr. Henderson's Evidence, page 14, Comparison of Tail Block to Short-**
4 **Run Marginal Energy Cost.**

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6 A. The Tail Block rate (incl. RSA and MTA) for all customer classes as shown on Table 4,
7 page 14, of Mr. Henderson's evidence is taken from the Company's *Schedule of Rates,*
8 *Rules and Regulations* effective September 1, 2002. A copy of Newfoundland Power's
9 *Schedule of Rates Rules and Regulations* effective September 1, 2002 has been provided
10 in the Company's response to Request for Information CA-211.

11
12 Attachment A provides the calculation of short-run marginal cost for each customer class.

13
14 In reviewing the calculation of losses, an error was discovered reducing the loss factor
15 applied to each class of service. The loss factor to be applied to secondary customers has
16 been recalculated to 8.9%, down from 9.7% shown in Exhibit LCH-4. This in turn has
17 resulted in a reduction in the estimate for short run marginal energy cost to 5.07 ¢/kWh,
18 down from the 5.11 ¢/kWh shown in Exhibit LCH-4. This change will require a revision
19 to Exhibit LCH-4 and Table 4 on page 14 of the evidence of Mr. Henderson. The revised
20 numbers are shown in Attachment A. The Company will file revised testimony at a later
21 date that will reflect the revision.

Short-Run Marginal Energy Costs by Customer Class

Customer Class	Rate	Short-Run Marginal		
		Costs at Generation ¹ ¢/kWh	% Losses from Sales to Generation ²	Total ¢/kWh
Domestic	1.1	4.66	8.9%	5.07
G.S., 0 - 10 kW	2.1	4.66	8.9%	5.07
G.S., 10 - 100 kW (110 kVA)	2.2	4.66	8.9%	5.07
G.S., 110 - 1000 kVA	2.3	4.66	8.5%	5.06
G.S., 1000 kVA and Over	2.4	4.66	6.9%	4.98

NOTES:

1 - Exhibit LCH - 4

2 - See Attachment A, Page 2 or 2

Losses to Generation by Class of Service

Voltage Level	% Energy Losses to Generation	Domestic			Rate 2.1			Rate 2.2			Rate 2.3			Rate 2.4		
		Sales MWh	Losses MWh		Sales MWh	Losses MWh		Sales MWh	Losses MWh		Sales MWh	Losses MWh		Sales MWh	Losses MWh	
Secondary	8.9286%	2,774,728	247,744		98,343	8,781		571,492	51,026		670,305	59,849		65,662	5,863	
Primary	6.4957%		-			-		137,352	-			8,922		308,319	20,027	
Transmission	4.2573%		-			-			-		1,460	62		3,870	165	
TOTALS		2,774,728	247,744		98,343	8,781		571,492	51,026		809,117	68,833		377,851	26,055	
% Class Losses			8.9286%			8.9286%			8.9286%			8.5072%			6.8955%	

Losses to Generation by Voltage Level

Voltage Level	% Energy Losses ¹	Cumulative Losses to Generation ²			
		Secondary Customer	Primary Customer	Transmission Customer	
Secondary	2.2845%	2.2845%			
Primary	2.1470%	4.4805%	2.1470%		
Transmission	1.0746%	5.6033%	3.2447%	1.0746%	
Hydro's Losses to Generation Level	3.1488%	8.9286%	6.4957%	4.2573%	
% Losses to Generation		8.9286%	6.4957%	4.2573%	

NOTES:

1 - From Exhibit LCH-2 Page 28 of 40 for Losses at Secondary, Primary and Transmission. Hydro's losses are based on the difference between sales to Newfoundland Power and energy at generation attributed to Newfoundland Power from Hydro's Cost of Service Study. From Hydro's 2002 Forecast Cost of Service (P.U. 7 & P.U. 15 2002-03, Revised August 2002), page 23 and page 41 of 98.

2 - Cumulative Losses to Generation is a geometric sum.