

1 Q. Has NL Hydro evaluated whether it would be more economically beneficial for a local load user
2 to be able to take and pay for this power at a guaranteed fully utilized load? If so, provide
3 details of the dates and results of such studies as well as copies of any associated reports.

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6 A. Newfoundland and Labrador Hydro (“Hydro”) has not conducted an economic analysis on the
7 benefits of selling non-firm energy to a local user. Hydro’s application considers the incremental
8 cost of supplying energy in developing a non-firm price. Hydro’s evidence indicates that the use
9 of incremental costing in pricing non-firm energy is consistent with generally accepted utility
10 practice.

11 Hydro’s application is not intended to deter local load growth through increased exports;
12 Hydro’s application proposes to use the net value of lost exports to determine the incremental
13 cost of supplying non-firm energy to local users.