Q. **Reference: Application, Volume I, Section 5.7.4 Demand Allocation of Long Term Supply Deferral Account**

The description of the demand allocator is “percentages derived from year-to-date kW for Utility Firm invoiced monthly billing demand, Industrial Firm maximum invoiced demand multiplied by the year-to-date months, and Rural Island Interconnected maximum peak demand multiplied by the year-to-date months”.

The demand allocator in the Cost of Service is based on annual coincident peak demand, not invoiced monthly demand. Please indicate why the deferral account would not operate on the same basis?

A. Please refer to Newfoundland and Labrador Hydro’s response to PUB-NLH-086 of this proceeding.