

1 Q. **Reference: Volume III, Exhibit 17: Pricing for a Revised Island Industrial Rate Report**

2 Given that Corner Brook Pulp and Paper Limited ("CBPP") self-generates almost all its energy
3 requirements, would the reduced demand charge relative to the continuation of an embedded
4 cost-based demand charge result in an under-recovery of capacity costs from CBPP? Explain.

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7 A. The reduced demand charge relative to the continuation of an embedded cost-based demand
8 charge would not result in an under-recovery of capacity costs from Corner Brook Pulp and
9 Paper Limited ("CBPP"). The proposed Hours-of-Use rate recovers demand costs through the
10 Demand rate and First Block Energy rate. Even though CBPP self-generates most of its energy
11 requirements, it would still be forecast to have usage in block two in all months, ensuring
12 recovery of the total allocated demand costs in block one.