

1 Q. Schedule 3, page 4 of 5. Component “C” of the non-firm energy charge based on thermal
2 generation source is “the average system losses on the Island Interconnected grid for the last
3 five years ending in 2016 (3.34%).” Please explain why Hydro is proposing the last five years
4 ending in 2016 as opposed to the last five years ending in a more recent timeframe.

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7 A. It has been past practice for Newfoundland and Labrador Hydro (“Hydro”) to update the
8 average system losses percentage for the Island Industrial Non-Firm Rate in its general rate
9 application proceeding. Therefore, Hydro did not update the percentage at this time. The
10 proposed update to the Island Industrial Non-Firm Rate in the current application was solely to
11 reflect that an alternate source of generation should also be considered when computing the
12 non-firm rate (and not just the incremental cost of thermal generation to supply non-firm
13 energy).