Hydro - General Rate Review - 2001
Exhibit- E-Tel #9.
Filed: Dec. 4, '01 Board Secretary: CB

Dispatchable Reductions in Demand

1. Summary of Available Evidence

a) Revenue requirement impacts:
Back out NP generation credit (compare IC-251 (e) results with original JAB-1, p. 3 of 94)

	Before Deficit			After Deficit		
($ Millions)	As filed	Adjusted*	Net Change	As filed	Adjusted*	Net Change
	1	2	3	4	5	6
NP	191.06	192.72	1.66	213.82	215.19	1.37
IC	50.16	48.94	-1.22	50.35	49.12	-1.23
Rural Isl. Int.	36.75	36.31	-0.44	31.64	31.64	0
Lab. Int.	13.04	13.04	0	13.43	13.29	-0.14
	291.01	291.01	0	309.24	309.24	0

* IC-251 (e)

b) Demand Allocator impacts - Production Demand Costs

	2CP for Generation (p 38 of 94)	
	As filed	Adjusted*
NP	78.71%	79.93%
IC	14.25%	13.44%
Rural	7.04%	6.64%

* IC-251 (e)

c) Other Information

Interruptible B:
46 MW at cost to NLH of $1.33 million/year ($28.20 per kw/yr)

Net Generation Credit for NP:
77.8 MW (IC-202)

2. Options to Pay for NP Generation Credit

Option A - Pay same as Interruptible B at $28.20/kw/yr

a) Pay NP $2.2 million for Generation Credit ($28.2*78)
b) Allocation of this cost

NP	79.93%	$1.76	million
IC	13.44%	$0.30	million
Rural	6.64%	$0.15	million

c) Net Impact before Deficit Allocation

NP	1.76+1.66=	3.42	[also paid $2.2 million]
IC	0.30+(-1.22)=	-0.92	
Rural	0.15-0.44=	-0.29	
		2.21	

Option B - Credit Payment for no IC Impact

a) IC assigned $50.16 million COS as filed
b) IC revised share of 2CP = 13.44%
c) IC impact from credit (IC-251) = $1.22 million

d) Credit payment that yields $1.22 cost to IC
(1.22/0.1344) = 9.1 million

NP	79.93%	7.3 million
IC	13.44%	1.2 million
Rural	6.64%	0.6 million
		9.1