

With respect to the foreign exchange loss estimated on the Swiss Franc Loan, the Board shares the concern of Mr. Noseworthy. The Swiss Franc Loan has been rolled over several times in the past, each time failing to recognize the loss on foreign exchange. The amount of the loss increased almost steadily. The practice of deferring the loss will compound problems in the event Hydro ever decides to settle the loan, since to do so will require suddenly recognizing a large loss. The decision to settle the loan does not create the loss, rather the strength of the Swiss Franc over the years has created the loss.

The Board recommends that at its next rate hearing Hydro present the foreign exchange gain or loss relating to the Swiss Franc Loan and the amount of foreign exchange losses reflected by the previous exchange rates on the previous maturity dates.

#### Energy Management System (EMS)

Hydro is in the process of implementing a new Energy Control Centre which will provide, among other things, an automatic generation control and economic dispatch of generating units. Hydro's present system has been described as technically obsolete and not expandable. Savings from the use of such a system are expected through more kilowatt hours from the same water and lower transmission losses.