

- 1 Q. What are the 2001 rates charged for demand and energy to Labrador
2 Industrial Customers and what will those rates be in 2002?
3
4 A. Please see response to NP-142(a).

- 1 Q. Provide copies of the existing and any proposed contracts between Hydro
2 and its Labrador Industrial Customers?
3
4 A. Please see the response to NP-142(a).

1 Q. What is the percentage increase in the rates proposed by Hydro for its
2 Labrador Industrial Customers?

3

4 A. Please see the response to NP-142(a).

1 Q. Provide the investments analysts' forecasts compiled by I/B/E/S International
2 as referenced at p. 33-34 of the evidence of K.C. McShane.

3

4 A. Please find attached the most recent I/B/E/S reports for Canada used in the
5 testimony (October, November, and December 2000) from the "Canadian
6 Summary Data" reports; the "All Companies" growth rate (marked with an
7 asterisk) was used as the earnings forecast for the TSE 300. The fourth
8 quarter 2000 5-year growth forecast was computed by averaging the growth
9 forecast of the three months provided.

10

11 The corresponding U.S. S&P 500 growth rates are taken directly from I/B/E/S
12 electronic database, which provides a single summary value monthly.

1 Q. Who are the members of the "investment community" referred to at lines
2 26-27 of p. 52 of the evidence of K.C. McShane? Which of them have the
3 views attributed to that community by Ms. McShane and where have such
4 views been expressed? If such views have been expressed in writing or have
5 been recorded, please provide copies or audio tapes.

6

7 A. The Dominion Bond Rating Service stated in its May 2000 report on
8 HydroOne, "future earnings will be tied to interest rates via the approved
9 return on equity. Set at 9.35% for 1999 and 9.88% for 2000, the approved
10 ROE is somewhat low compared to other alternative investments, but
11 comparable to other Canadian utilities."

12

13 RBC Dominion Securities' "ROE Outlook for 2001" (October 31, 2000)
14 stated, "In light of the low levels of allowed ROEs calculated by the various
15 formulas, and the changing nature of the risk associated with the operations
16 of these companies, a number of utility and pipeline companies are pursuing
17 modifications to their ROE formulas and/or incentive regulation. Both
18 endeavors are motivated by the objective of allowing the companies to earn
19 higher ROEs that more appropriately compensate for the risk associated with
20 their operations."

21

22 The returns that have recently resulted from the NEB formula – which are
23 similar to those allowed in other Canadian jurisdictions -- have been
24 described as "anti-competitive returns that don't really work in this high flying
25 race for capital that we have here" (Donald J. Eassey, First Vice President,
26 Merrill Lynch, cited in "Roundtable Forum: Natural Gas Transmission and
27 Distribution", *The Wall Street Transcript*, February 21, 2000). Ronald J.
28 Barone, Managing Director of PaineWebber Inc., stated in the same forum,

1 “The regulatory environment is totally unrealistic as far as authorized returns
2 are concerned. I believe the regulators lose sight of the fact that there is only
3 one capital market. With the S&P 500 earning ROEs of 20% or more, why
4 should an investor accept a return on equity of 9%? To me, it just seems
5 unrealistic.”

1 Q. Please provide copies of any and all directives applicable to Hydro given to
2 the Board pursuant to Section 5.1 of the Electrical Power Control Act, 1994.

3

4 A. Hydro is not aware of any directives applicable to Hydro pursuant to Section
5 5.1 of the Electrical Power Control Act, 1994.

1 Q. Provide all of the CBRS and S&P quantitative guidelines for different
2 categories of Canadian utilities for different debt rating categories as referred
3 to in the evidence of K. S. McShane at p. 17-18 and copies of all materials
4 describing what categories of utility fall under which guidelines.

5

6 A. Please see the attached:

7

8 1. Standard & Poor's *Utilities & Perspectives* (June 21, 1999)

9

10 2. Standard & Poor's *Infrastructure Finance* (October 1998)

11

12 3. CBRS *Methodology of Rating Debt Securities of Regulated Utilities*
13 (Summer 1994).

1 Q. Provide a copy of the CBRS report on NB Power as referred to at lines 3-9 of
2 p. 22 of the evidence of K.C. McShane.

3

4

5 A. Please find attached the referenced CBRS report on the Province of New
6 Brunswick.

- 1 Q. Provide a copy of the DBRS report The Canadian Electric Utility Industry
2 referred to at lines 17-18 of p. 22 of the evidence of K.C. McShane.
3
- 4 A. Please see the attached copy of the DBRS report “The Canadian Electric
5 Utility Industry” (October 2000).

- 1 Q. Provide detailed calculations showing the derivation of the Group Average
2 and Canadian Industry Average numbers shown on Schedule I of the
3 evidence of K. C. McShane.
4
- 5 A. Schedule I was taken directly from the DBRS report "The Canadian Electric
6 Utility Industry" (October 2000) (see response to IC-53). The averages were
7 calculated by DBRS.

1 Q. Explain the role, if any, that the generating facilities owned by Abitibi
2 Consolidated and Corner Brook Pulp and Paper play in voltage and
3 frequency support to the island grid.
4

5 A. The generating facilities owned by Abitibi Consolidated and Corner Brook
6 Pulp and Paper can be grouped into two categories: 50 Hz generation and
7 60 Hz generation. The 50 Hz generation of each customer provides voltage
8 and frequency support to the individual 50 Hz systems owned by each
9 customer, which is of no benefit to the Island Interconnected System.
10

11 The 60 Hz generation of Abitibi Consolidated in Grand Falls is connected to
12 the low voltage (6.9 kV) system at the mill and provides voltage support for
13 mill operation. There is very little impact on voltage levels of the surrounding
14 230 kV transmission system for adjustments in VAR dispatch of Abitibi
15 Consolidated owned generation.
16

17 The 60 Hz generation of Corner Brook Pulp and Paper at Deer Lake provides
18 voltage support to the 66 kV transmission system owned and operated by the
19 customer. The typical VAR dispatch at Deer Lake is set to ensure an
20 adequate stability margin for the plant and acceptable voltage levels of the
21 customer's 66 kV system. Thus the typical mode of operation provides no
22 appreciable voltage support to the Island Interconnected System. The VAR
23 output of the Deer Lake plant can be changed to adjust the voltage level on
24 Hydro's 66 kV bus at its Deer Lake Terminal Station. However, this is one of
25 a number of alternatives available to Hydro to control the Island
26 Interconnected System voltages in the Deer Lake area. Alternatives include
27 adjustment of the T1 and T2 transformer tap positions at Deer Lake,

1 adjustment of the VAR output at Hinds Lake and adjustment of the VAR
2 output at Cat Arm.

3

4 The generation facilities owned by Abitibi Consolidated and Corner Brook
5 Pulp and Paper do not play a role in frequency control of the Island
6 Interconnected System. Plant outputs are not under the control of Hydro's
7 Energy Control Centre, but rather are dependent upon mill production and
8 water availability.

1 Q. Have any shares been issued out of Newfoundland and Labrador Hydro? If
2 so, indicate to whom such shares have been issued and provide copies of
3 the share certificates.

4

5 A. Newfoundland and Labrador Hydro has issued 22, 503, 942 shares, all of
6 which have been issued to the Department of Finance, Government of
7 Newfoundland. The issuance of these shares is encompassed in three
8 Share Certificates as follows:

9 Share Certificate #001 dated July 2nd, 1975 – 22,000,000 shares

10 Share Certificate #002 dated July 2nd, 1975 – 500,000 shares

11 Share Certificate #003 dated July 2nd, 1975 – 3,942 shares

12 Copies of the above noted Share Certificates have been attached.

1 Q. Describe in detail the financial and/or operational or other business risks to
2 which Hydro is subject which a fully informed investor would consider in
3 determining the risk premium to be demanded for an investment in Hydro.

4
5

6 A. An informed investor would look at the following aspects of Hydro's business
7 and financial risk:

8

9 Market Profile

10

- 11 • Industrial diversity of economy
- 12 • Outlook for growth in service area
- 13 • Degree to which revenues are concentrated among a small number of
- 14 customers
- 15 • Competition with alternative energy sources
- 16 • Bypass opportunities/cost structure

17

18 Operational/Supply Profile

19

- 20 • Climate/geography
- 21 • Extent to which system is interconnected/isolated
- 22 • Sources of generation (nuclear vs. thermal vs. hydro)
- 23 • Operational risks related to generation (e.g., water levels)
- 24 • Diversity of fuel supply sources
- 25 • Reserve capacity
- 26 • Transmission constraints

1 Regulatory Environment

2

3

- Type of test year (historic vs. future)

4

- Regulatory protection (e.g., deferral accounts) from forecasting risks, e.g., load variations (weather/economy related), fuel costs/generation mix, interest rates.

5

6

7

- Regulatory precedent regarding recovery of invested capital (used and useful vs. prudently incurred; stranded costs)

8

9

- Level of returns allowed

10

- State of industry restructuring

11

12 Financial Risks

13

14

- Capital structure ratios

15

- Use of short-term debt

16

- Existence of debt guarantee

17

- Level of capital expenditures/need to access capital markets

18

- Interest coverage

19

- Level of free cash flows

1 Q. Is it Ms. McShane's view that Government should get the same return on
2 investments in roads, schools, hospitals and economic development projects
3 as it gets on its investment in Hydro?
4

5 A. The Province's equity investments are limited to Hydro and Newfoundland
6 Liquor Corporation. Ms. McShane has made no specific analysis of the
7 issues involved in determining whether it is appropriate to operate the
8 various functions cited in the question as revenue-producing corporate
9 (commercial) entities.

1 Q. Provide the percentage of each of Canadian and American residents who
2 invest in the stock market as of each of the following years: 1950, 1960,
3 1970, 1980, 1990, 2000.

4
5 A. Ms. McShane does not have a database that includes the values requested.
6 However, in May 2000, *The Globe and Mail* reported the results of a national
7 survey sponsored by the Toronto Stock Exchange. This study indicated that
8 49% of Canadian adults own stocks either directly or in mutual funds. The
9 article also reported that the last time the TSE did such a study, in 1996, 37%
10 held stocks or mutual funds while in 1983, the figure was just 13%. A copy of
11 the article is attached.

12
13 The New York Stock Exchange's *Shareownership 2000* uses data from the
14 1998 *Survey of Consumer Finances*, a household survey conducted by the
15 Federal Reserve Board. The NYSE study identified 84 million shareholders
16 in 1998, both direct and indirect, representing 43.6% of the country's adult
17 population. This figure is up 21% from 1995's 69.3 million and up 61% from
18 1989's 52.3 million. A summary of this report, obtained from the NYSE web
19 site, is attached.

1 Q. Provide copies of the prospectus or offering memorandum in respect of the
2 last debt issue by each of Hydro and the Province of Newfoundland.

3

4 A. Hydro is considered a government entity under the various securities laws,
5 and hence is exempt from the requirement for a prospectus or offering
6 memorandum. We do however publish an offering circular, a copy of which is
7 attached in respect to the most recent Series AB debenture, as well as a
8 copy of that associated with the Province of Newfoundland's most recent
9 issue.

- 1 Q. Provide a Schedule in the form of Schedule I to the evidence of H.G. Budgell
2 showing each of the years from 1992 to 2002.
3
4
5 A. See attached.

1 Q. Provide the short and long term forecasts filed with the Board in each of the
2 rate referrals made by Hydro since 1977 together with actual loads
3 experienced in each of the years covered by such forecasts to date.

4

5 A. See attached.

PUB Referral	Sep-77	Jul-79	Apr-81	Mar-83	Aug-85	Mar-89	Feb-90	Nov-91
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Short Term Load Forecast for NLH Net Supply As Presented At Hydro Rate Referrals to the PUB (GWh)

	ACTUALS							
1977	3,402	3,417						
1978	3,703	3,766						
1979	3,649		3,735					
1980	3,847		4,218					
1981	3,923			4,195				
1982	4,475			4,852				
1983	4,715				4,604			
1984	4,942				4,914			
1985	5,209					5,225		
1986	5,214					5,382		
1987	5,380							
1988	5,603							
1989	5,817						5,809	
1990	5,650						5,906	5,723
1991	5,754							5,942
1992	5,929							6,163
1993	6,000							6,056
1994	5,818							
1995	5,927							
1996	5,989							
1997	6,164							
1998	5,718							
1999	5,877							
2000	6,141							

1 Q. Provide the economic forecasts prepared by the Provincial Government and
2 used in creating the Long Term Planning Load Forecast as referred to at p.
3 6-7 of the evidence of H.G. Budgell.

4

5 A. See attached summary of Key Economic Indicators. This economic forecast
6 was prepared by the Provincial Government (Department of Finance) for
7 Hydro's own planning purposes and, at Hydro's direction, incorporates
8 assumptions that may or may not agree with the Province's own views.

Key Economic Indicators
Newfoundland and Labrador
2001 Long-Term Planning Forecast

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
GDP at Market Prices (\$ Millions)	10,871	11,638	13,344	14,122	14,712	14,975	15,503	16,290	17,097	17,735	18,046	18,228	18,566
% Change	6.3	7.1	14.7	5.8	4.2	1.8	3.5	5.1	5.0	3.7	1.8	1.0	1.9
Real GDP at Market Prices (\$1992 Millions)	10,491	11,051	11,568	12,186	12,741	13,022	13,283	13,661	13,934	14,160	14,195	14,146	14,208
% Change	6.2	5.3	4.7	5.3	4.6	2.2	2.0	2.8	2.0	1.6	0.2	-0.3	0.4
Adjusted Real GDP at Market Prices (\$1992 Millions)	10,222	10,620	10,979	11,285	11,393	11,552	11,728	11,802	11,885	12,055	12,253	12,434	12,656
% Change	3.6	3.9	3.4	2.8	1.0	1.4	1.5	0.6	0.7	1.4	1.6	1.5	1.8
GDP Deflator (1992 = 100)	103.6	105.3	115.4	115.9	115.5	115.0	116.7	119.2	122.7	125.2	127.1	128.9	130.7
% Change	0.0	1.6	9.5	0.5	-0.4	-0.4	1.5	2.2	2.9	2.1	1.5	1.4	1.4
Consumer Price Index (1992=100)	108.4	110.0	113.1	114.8	116.8	118.9	121.1	123.3	125.6	127.9	130.3	132.7	135.0
% Change	0.2	1.5	2.8	1.6	1.7	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.8
Personal Income (\$ Millions)	10,054	10,490	10,849	11,392	11,803	12,340	12,774	13,139	13,513	13,970	14,473	14,977	15,544
% Change	1.5	4.3	3.4	5.0	3.6	4.6	3.5	2.9	2.8	3.4	3.6	3.5	3.8
% Change, real	1.3	2.8	0.6	3.4	1.8	2.7	1.7	1.0	1.0	1.5	1.7	1.7	1.9
Disposable Income (\$ Millions)	7,872	8,230	8,600	9,034	9,350	9,748	10,099	10,379	10,660	11,007	11,390	11,770	12,198
% Change	0.4	4.6	4.5	5.1	3.5	4.3	3.6	2.8	2.7	3.3	3.5	3.3	3.6
% Change, real	0.2	3.1	1.7	3.4	1.7	2.4	1.8	0.9	0.8	1.3	1.6	1.5	1.8
Retail Sales (\$ Millions)	3,939	4,223	4,435	4,655	4,740	4,897	5,018	5,100	5,196	5,337	5,511	5,679	5,861
% Change	3.7	7.2	5.0	5.0	1.8	3.3	2.5	1.6	1.9	2.7	3.3	3.0	3.2
% Change, real	4.7	5.9	1.9	3.3	0.1	1.3	0.5	0.0	0.2	0.9	1.5	1.4	1.5
Housing Starts	1,450	1,371	1,488	1,607	1,586	1,672	1,699	1,691	1,733	1,787	1,870	1,877	1,895
% Change	-14.5	-5.4	8.6	7.9	-1.3	5.4	1.6	-0.5	2.5	3.1	4.7	0.4	0.9
Employment ('000s)	194.2	204.9	204.9	210.0	211.9	215.3	217.1	216.9	216.8	217.7	219.0	220.0	221.5
% Change	2.6	5.5	0.0	2.5	0.9	1.6	0.8	-0.1	0.0	0.4	0.6	0.5	0.7
Labour Force ('000s)	237.0	246.7	243.9	247.3	249.5	250.6	251.8	252.2	252.4	252.6	252.8	252.7	252.6
% Change	1.9	4.1	-1.1	1.4	0.9	0.5	0.5	0.1	0.1	0.1	0.1	0.0	0.0
Unemployment Rate (%)	18.0	16.9	16.0	15.1	15.0	14.1	13.8	14.0	14.1	13.8	13.4	12.9	12.3
Population ('000s)	545.4	540.8	538.8	539.3	539.8	540.4	541.5	541.4	541.4	540.7	540.0	539.2	538.7
% Change	-1.6	-0.8	-0.4	0.1	0.1	0.1	0.2	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Capital Investment, (PPI definition)	2,774	3,338	3,230	3,240	3,428	3,742	3,740	3,136	2,931	3,015	3,119	3,262	3,394
% Change	1.3	20.3	-3.2	0.3	5.8	9.2	0.0	-16.1	-6.5	2.9	3.4	4.6	4.0
% Change Real	1.0	20.1	-0.3	1.5	3.7	7.4	-0.4	-13.6	-4.5	2.3	2.9	3.8	3.3
Labour Income (\$ Millions)	5,744	6,078	6,402	6,746	6,954	7,284	7,556	7,760	7,967	8,241	8,540	8,829	9,167
% Change	2.6	5.8	5.3	5.4	3.1	4.7	3.7	2.7	2.7	3.4	3.6	3.4	3.8

Note: Adjusted GDP excludes income that will be earned by the non-resident owners of Newfoundland mega-projects to better reflect growth in economic activity that generates income for residents. It differs from actual GDP only from 1997 forward.

1 Q. Identify the voltage support equipment referred to at line 6 of page 17 of the
2 evidence of H. G. Budgell.

3

4 A. The voltage support equipment referred to at line 6 of page 17 of the
5 evidence of H. G. Budgell includes shunt capacitor banks, shunt reactors and
6 synchronous condensers.

1 Q. For each year since the in-service date, provide the annual production for
2 each of the hydraulic generating stations plus the total. Use the following
3 format:

4

5 <u>YEAR</u>	BAY	UPPER	HINDS	CAT	PARADISE	OTHER	<u>TOTAL</u>
6	<u>D'ESPOIR</u>	<u>SALMON</u>	<u>LAKE</u>	<u>ARM</u>	<u>RIVER</u>	<u>HYDRAULIC</u>	

7

8
9

10 A. Please refer to the attached tables.

**Newfoundland & Labrador Hydro
Net Generation (GWh)**

**2001 General Rate Application
Page 2 of 2**

	<u>BAY D'ESPOIR</u>	<u>UPPER SALMON</u>	<u>HINDS LAKE</u>	<u>CAT ARM</u>	<u>PARADISE RIVER</u>	<u>OTHER HYDRAULIC</u>	<u>TOTAL</u>
1969	1,302.2						1,302.2
1970	1,281.9						1,281.9
1971	1,323.9						1,323.9
1972	1,614.4						1,614.4
1973	2,047.7						2,047.7
1974	2,320.9						2,320.9
1975	2,319.4						2,319.4
1976	2,657.4						2,657.4
1977	2,917.1						2,917.1
1978	2,803.9					6.1	2,810.0
1979	2,354.9					6.0	2,360.9
1980	2,367.4		35.5			7.2	2,410.1
1981	2,966.9		419.7			5.7	3,392.3
1982	2,813.8		319.8			8.3	3,141.9
1983	2,935.1	581.7	395.4			8.4	3,920.6
1984	3,074.8	644.9	366.7			6.7	4,093.1
1985	2,258.7	511.8	290.6	387.7		5.1	3,453.9
1986	2,391.1	502.8	263.8	740.4		6.2	3,904.3
1987	1,864.5	380.6	232.9	584.8		5.5	3,068.3
1988	2,472.2	382.1	525.3	773.9		7.6	4,161.1
1989	2,310.2	512.9	271.5	668.1	24.0	5.7	3,792.4
1990	2,229.9	497.4	316.5	674.3	38.1	6.0	3,762.2
1991	2,635.1	562.3	368.4	699.8	31.8	7.6	4,305.0
1992	2,613.0	558.6	308.1	704.5	30.6	7.7	4,222.6
1993	2,814.7	551.7	354.2	666.9	45.1	7.4	4,440.0
1994	3,282.3	658.4	459.0	602.9	34.4	7.7	5,044.7
1995	2,587.7	552.1	402.6	808.5	35.5	7.3	4,393.6
1996	2,785.9	597.7	352.3	793.2	36.9	8.7	4,574.6
1997	2,845.8	599.1	407.5	734.9	34.8	7.5	4,629.5
1998	2,609.2	553.9	408.7	650.4	32.0	8.3	4,262.5
1999	3,088.2	649.1	345.7	674.9	38.0	6.7	4,802.6
2000	3,115.0	636.9	388.0	836.8	36.4	3.5	5,016.7

- 1 Q. Provide the data and rationale used to determine the Island Interconnected
2 hydraulic production for the 2002 Forecast Cost of Service year.
3
4
5 A. Please refer to the response to NP-44.

1 Q. With reference to Budgell's evidence page 16, lines 7 – 8, what is Hydro's
2 rationale for the recommendation on assignment on the Great Northern
3 Peninsula?

4

5 A. The plant on the Great Northern Peninsula has been assigned as per the
6 Board's recommendations on page 33 of its report entitled "Report of the
7 Board of Commissioners of Public Utilities to the Honourable Minister of
8 Mines and Energy, Government of Newfoundland and Labrador on a Referral
9 by the Lieutenant-Governor in Council Concerning Rural Electrical Service",
10 dated July 29, 1996.

1 Q. With reference to Budgell’s evidence page 20, lines 16 – 20, what is the
2 rationale for changing the plant assignment of Doyles – Port-aux-Basques
3 line & terminal station to common?
4

5 A. The plant assignment of the Doyles – Port-aux-Basques lines, TL214 and
6 TL215, and the Doyles Terminal Station was changed to common to make
7 the assignment consistent with the Board’s recommendation on assignment
8 on the Great Northern Peninsula as outlined on page 33 of its report entitled
9 “Report of the Board of Commissioners of Public Utilities to the Honourable
10 Minister of Mines and Energy, Government of Newfoundland and Labrador
11 on a Referral by the Lieutenant-Governor in Council Concerning Rural
12 Electrical Service”, dated July 29, 1996.

1 Q. Reconcile the 6346.4 gwh for total sales & bulk deliveries for 2002 forecast in
2 Budgell's schedule V with the 6287.568 gwh in Brickhill's schedule 1.3.2.

3

4 A.

Reconciliation of Sales as per Budgell and Brickhill	
Total Sales and Bulk Deliveries per Schedule V, H.G.Budgell	6346.400 GWh
Energy excluded from Sales and Bulk Deliveries	
Hydro Rural distribution losses	(27.860) GWh
Compensation of energy for Abitibi Consolidated	(31.000) GWh
Rounding differences	0.028 GWh
Total Sales	6287.568 GWh
Total Sales per Exhibit JAB-1, page 21	6287.568 Gwh

5

1 Q. With reference to the transmission losses for 2002 forecast in Budgell's
2 schedule V:

3

4 1. What losses are included?

5 2. If distribution losses are included, quantify the loss.

6 3. Are the proposed adjustments for transformer losses for certain
7 customers reflected in the forecast losses?

8

9 A. 1. Transmission losses are defined as the difference between net generation
10 and metered sales at the customers' delivery points. In the case of Hydro
11 Rural, metering occurs at the bulk delivery points.

12

13 2. Distribution losses are not included in transmission losses.

14

15 3. The proposed adjustments for specifically assigned and customer owned
16 transformers are not reflected in the forecast.

1 Q. With respect to the interconnected diesel units at Roddickton, Hawke's Bay
2 and St. Anthony, at the time of the last rate referral resulting in the 1992
3 Report, were these diesel units treated as common plant or specifically
4 assigned? Provide an answer for each unit.

5

6 A. At the time of the last rate referral, which resulted in the 1992 Report, only
7 the Hawke's Bay Diesel Plant was connected to the Island Interconnected
8 System. The Hawke's Bay Diesel Plant was assigned common at that time.
9 The Roddickton and St. Anthony diesel units were connected to the isolated
10 St. Anthony – Roddickton system and were specifically assigned.

1 Q. If any of the Roddickton, Hawke's Bay and St. Anthony diesel unit costs were
2 specifically assigned at the time of the 1992 Report, to which class of
3 customer were they assigned at that time?
4

5 A. At the time of the 1992 Report, the Roddickton and St. Anthony diesel units
6 were connected to the isolated St. Anthony – Roddickton system and were
7 specifically assigned to Hydro Rural as part of the cost of service for all
8 Isolated Rural Systems.

1 Q. With respect to the diesel units at St. Anthony, Roddickton and Hawkes Bay,
2 what was the average annual revenue from energy generated by each of
3 these units in each of the years since they were interconnected?

4

5 A. The average annual revenue for the Island Interconnected System is as
6 follows:

Year	Average Revenue per kWh
1996	4.56¢
1997	4.66¢
1998	4.78¢
1999	4.82¢
2000	4.69¢

1 Q. What is Hydro's "firm energy requirement" for 2002?

2

3 A. Hydro's "firm energy requirement" for 2002 is 6,573.0 GWh for the Island
4 Interconnected system and 914.6 GWh for the Labrador Interconnected
5 system. There are no interruptible or secondary sales on the Rural Isolated
6 systems.

- 1 Q. What were Hydro's "firm energy requirements" in each of 1990 - 2000, both
2 forecast and actual?
3
4 A. See attached.

Forecast Compilation	Fall 1989	Fall 1990	Fall 1991	Fall 1992	Fall 1993	Fall 1994	Fall 1995	Fall 1996	Winter 1998	Fall 1998	Fall 1999	Fall 2000
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Actuals **NLH LABRADOR INTERCONNECTED NET SUPPLY (GWh)**

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1990	636.9	757.4											
1991	637.5	773.0	714.1										
1992	703.1		776.6	721.6									
1993	716.6			777.8	832.0								
1994	840.0			781.8	842.9	761.8							
1995	833.7			785.3	846.6	772.8	890.1						
1996	865.2				850.4	776.5	892.3	873.9					
1997	923.9				853.8	779.8	893.8	877.2	860.1				
1998	835.9					783.4	895.1	880.1	862.3	1141.4			
1999	645.3						896.1	882.3	865.4	1307.6	937.1		
2000	890.0							884.1	868.0	1305.6	1096.2	1067.7	
2001									870.3	1322.8	1279.6	1088.5	1026.2
2002										1325.1	1283.5	1163.3	1042.3
2003											1287.1	1176.5	1041.8
2004												1184.5	1049.4
2005													1060.0

Notes: Fall 1989 forecast prepared for 2 full years; Fall 1991 Forecast prepared for 1 full year; No forecast prepared in fall 1997.

Actuals **NLH LABRADOR INTERCONNECTED SECONDARY SALES (GWh)**

1990	54.8	99.8											
1991	50.0	81.2	68.8										
1992	77.4		118.8	126.0									
1993	100.8			112.1	143.9								
1994	122.6			108.6	141.6	119.1							
1995	128.0			105.7	138.7	119.0	126.4						
1996	132.2				136.1	118.1	123.6	120.9					
1997	120.4				133.6	117.2	121.0	118.9	128.8				
1998	117.6					116.3	118.5	117.2	126.5	158.2			
1999	81.8						116.2	115.1	124.1	207.0	117.7		
2000	86.8							113.4	121.7	215.5	117.5	116.4	
2001									119.4	217.0	114.5	114.0	104.2
2002										213.4	111.6	112.9	115.3
2003											109.9	111.9	112.0
2004												112.3	115.6
2005													122.4

Actuals **NLH LABRADOR INTERCONNECTED FIRM ENERGY REQUIREMENTS (GWh)**

1990	582.1	657.6											
1991	587.5	691.8	645.3										
1992	625.7		657.8	595.6									
1993	615.8			665.7	688.1								
1994	717.4			673.1	701.3	642.7							
1995	705.7			679.6	707.9	653.8	763.7						
1996	733.0				714.3	658.4	768.7	753.0					
1997	803.5				720.2	662.6	772.8	758.3	731.3				
1998	718.3					667.1	776.6	762.9	735.8	983.2			
1999	563.5						779.9	767.2	741.3	1100.6	819.4		
2000	803.2							770.7	746.3	1090.1	978.7	951.3	
2001									750.9	1105.8	1165.1	974.5	922.0
2002										1111.7	1171.9	1050.4	927.0
2003											1177.2	1064.6	929.8
2004												1072.2	933.8
2005													937.6

Note: actuals and forecasts not adjusted for losses.

- 1 Q. Provide the actual customer operating load and the forecast customer
2 operating loads for the Island Industrial customers, Newfoundland Power and
3 Hydro Rural for each of the year 1992 – 2000.
4
5 A. See attached.

1 Q. Explain how the changes in bulk metering for bulk deliveries to Hydro's Rural
2 Interconnected Customers affects the forecast for bulk deliveries to that class
3 starting in 2002.

4

5 A. The change in bulk metering (i.e. to allocate GNP 138 kV transmission
6 losses to common from specifically assigned) reduces Hydro Rural
7 Interconnected bulk deliveries by 10 GWh in 2002.