

Requests for Information
Newfoundland & Labrador Hydro (“Hydro”) 2002 General Rate Review

- NP-206 (a) Further to IC-73, in the April 2001 RSP Report, explain the \$696,000 charge to the RSP under the heading Rural Change Adjustment.
- (b) If the charge referred to in part (a) refers to a refund to Hydro Rural customers, justify:
- (i) the refund; and
 - (ii) charging the refund to customers of Newfoundland Power through the RSP.
- (c) If the charge referred to in part (a) refers to a refund to Hydro Rural customers, did Hydro request the Board’s approval of the refund? Provide a copy of any documentation to or from the Board relating to the refund.
- NP-207 Further to NP-46 and NP-203, provide an updated forecast of hydraulic production for 2001 assuming the storage level at year-end 2001 will equal the minimum target level.
- NP-208 Further to NP-185:
- (a) Reconcile the Hydro rural deficit stated in the Manitoba Hydro survey with the Hydro rural deficit identified in NP-34.
 - (b) Restate the table provided in NP-185 showing the deficit as a percentage of revenue for each utility. For the calculation of the rural deficit for Newfoundland Hydro use the total rural deficit based on the information provided in NP-34.
- NP-209 Further to NP-36:
- (a) At the 1996 Hearing, the projected revenue to cost ratio for 2002 for the L’Anse Au Loup system was 65%. The forecast 2002 revenue to cost ratio for the L’Anse Au Loup system is now 45%. Explain the significant variation.
 - (b) Provide the dollar impact on the rural deficit of the movement from diesel rates to Island Interconnected rates for the L’Anse Au Loup system for each year from 1997 to 2000 and forecast for 2001 and 2002.

NP-210 Response to Request for Information NP-157 shows that the peak month for each of 1998, 1999 and 2000 was December. In 1997, NP-157 indicates the peak month was March. Response to Request for Information NP-121 indicates that Hydro has forecast peaks in 2001 and 2002 to be the same for December and January, both slightly higher than February. With this information, why has Hydro concluded that the allocation of generation demand costs should be based on the CP's of the two peak months (with the two peak months being January and February).

NP-211 Further to NP-137, the cost recovery targets proposed by PRH page 5 are: Domestic 95%, General Service 105% to 115%, Street Lighting 100%. In P.U. 7, 1996-97, page 87, the Board stated:

“The Board agrees with the philosophy that is not necessary to achieve a 100% revenue to cost ratio for all classes and takes no exception to a variance of up to 10%, i.e., to achieve between 90% to 110% of the cost of service in revenue.”

Why is Hydro proposing a guideline for General Service cost recovery with an upper limit outside the 10% variance accepted by the Board for Newfoundland Power's rates?

NP-212 Explain how payroll tax and municipal taxes are treated in the cost of service study.

NP-213 (a) Further to NP-130, provide details of any amounts that may have been paid to Hydro by Albright & Wilson Americas resulting from the termination or abandonment of the contract for service.

(b) Was the amount recovered, if any, applied to reduce future revenue requirements from the remaining customer population.

NP-214 (a) Further to NP-76, identify all cases where Hydro has pursued social or public policy objectives. Indicate whether these objectives were pursued on its own or based on direction from its shareholders.

(b) Identify and support the associated impact on Hydro's revenue requirement of Hydro's pursuit of the social and public policy objectives identified in (a).

- NP-215 Reconcile the \$14,939,871 Rural Island Interconnected deficit for 2002 from NP-34 with the \$5,078,944 Rural Island Interconnected deficit for 2002 from JAB-1, Schedule 1.2, page 1 of 6, line 6, column 5.
- NP-216 (a) Further to NP-202, estimate the 2002 RSP fuel cost shortfall (as a result of using \$20 per barrel for No. 6 fuel in the cost of service study) allocated to Labrador Interconnected Rural from sales to Bulk Rural?
- (b) How does Hydro propose to recover the projected shortfall from (a)?
- (c) Why is Hydro not proposing an RSP component for the rates of Labrador Interconnected customers?
- NP-217 Reconcile the \$93,584,000 forecast interest for 2002 (JCR Schedule 1) with the \$95,129,413 return on debt (JAB-1, page 1 of 94). Explain the variance.
- NP-218 Provide the report prepared on Hydro's review of long-term average storage levels in November 2000 (referred to on page 23 of the Financial Consultants Report on the 2001 General Rate Hearing).
- NP-219 Provide the average diesel fuel cost per litre for the Rural Isolated systems in total for each year from 1992 to 2000 and forecast for 2001 to 2005.
- NP-220 Further to JAB-1, Schedule 1.1, page 1 of 2, the diesel fuel cost forecast for 2002 is \$6,323,748. Assume the proposed diesel cost is approved for the test year, but actual diesel costs in 2002 are 10% less than forecast. Explain the impact of the price variation on Hydro's earnings.
- NP-221 Further to NP-191, confirm the average price of No. 6 fuel in the 2002 cost of service study used to determine revenue requirement is \$21.20 per barrel.

NP-222 Further to NP-98, with respect to the replacement of manufacturer non-supported equipment, answer the following questions or provide the information appropriate on each budget item identified below:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-8	\$863,000	Replace Exciter Unit 1 – Cat Arm (installed 1984)
B-11	\$606,000	Replacement of Governor Control - Upper Salmon (installed 1982)
B-68	\$556,000	Replace UHF Radio - Upper Salmon (20 years old)

How much would it have cost for an additional set of spares (one additional for each type)? Estimate the cost if detailed information is not available.

NP-223 For the budget item identified below provide the information as appropriate:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-10	\$1,555,000	Install 25 kV Distribution Line – Ebbegunbaeg

(a) Provide the energy and unit cost of energy (cents per kWh) used in the cost benefit analysis for each year, both for isolated and interconnected alternatives.

(b) Provide the basis for the unit cost of energy used in the study.

(c) Provide a cost benefit analysis using the revenue requirement or customer cash flow method.

NP-224 For the budget item identified below, provide the following information:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-18	\$177,000	Purchase Track Machine - Cat Arm

- (a) Is it feasible to utilize the Stephenville machine for access to the Cat Arm plant and to groom the trail as is required for deep snow? If not, why not?
- (b) Has Hydro considered relocating the Stephenville machine to a location in closer proximity to Cat Arm? If not, why not?

NP-225 For the budget item identified below, provide the following information:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-19	\$801,000	Purchase and Install Continuous Emission Monitoring

- (a) The health risk assessment report provided in response to NP-104 (c) does not recommend in-stack measurement as has been proposed by Hydro, but recommends ambient air monitoring stations. Explain how this report provides a rationale for installing in-stack monitoring?
- (b) What sox/nnox ratio was used in the report? What is a reasonable range of sox/nnox ratios that might be experienced? What sox/nnox ratio would be expected to cause a problem?

NP-226 For the budget item identified below, answer the following questions:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-21	\$152,000	Purchase and Install Closed Circuit Surveillance System – Holyrood

Further to PUB-13.0, vandalism over the past 6 years cost a total of \$29,857. Assuming the system could have eliminated the total cost of vandalism, is the \$152,000 capital expenditure justified?

NP-227 For the budget item identified below, provide the following information:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-26	\$496,000	Upgrade TL227 (69kV Berry Hill – Daniels Harbour)

- (a) Further to the Table 4.1 of the Northern Peninsula Upgrading report provided in PUB-18.0, provide the date, time, duration and cause of each transient and sustained outage.
- (b) What improvement in these statistics does Hydro expect subsequent to completion of the project?

NP-228 For the budget item identified below, provide the following information:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-35	\$981,000	Provide Service Extensions – Central, Northern and Labrador

Further to NP-107, provide the forecast 2001 and 2002 customer counts and unit extension costs per customer addition (material and labour) by region.

NP-229 For each project identified below, provide the following information:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-45	\$297,000	Replace 136 kW Diesel Unit No. 279 – Grey River
B-47	\$238,000	Replace 75 kW Diesel Unit No. 252 – Petites
B-52	\$299,000	Replace 136 kW Diesel Unit No. 266 – William's Harbour
B-53	\$318,000	Replace 300 kW Diesel Unit No. 288 – Black Tickle
B-54	\$301,000	Replace 250 kW Diesel Unit No. 293 – Rigolet

Further to NP-110, provide the expected lower maintenance costs, reduced fuel consumption and lower lube oil consumption in \$ per year for each replacement.

NP-230 For the budget items identified below, answer the following questions:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-57	\$515,000	Upgrade Diesel Plant - Harbour Deep

Further to NP-111, has the diesel plant building been inadequate since the date of initial installation? If no, at what point did the building become inadequate, and for what reason?

NP-231 The system identified below was purchased in 1989 and manufacturer support terminated in 1991. Answer the following questions or provide the information as appropriate.

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-66	\$8,373,000	Replace VHF Mobile Radio System

- (a) Further to NP-117(a), provide a copy of the cost benefit analysis of alternatives considered in the replacement of the current system.
- (b) Provide a breakdown of budget item by: (i) mobile, portable, base station radio; (ii) switch and site controller; (iii) repeater; (iv) other equipment (providing a description of the other equipment).
- (c) Provide the incremental cost attributable to new coverage and a breakdown of that cost.
- (d) Provide a cost benefit analysis indicating the financial benefit of deferring the cost of radios and existing repeater equipment for three years.
- (e) Indicate what additional functionality is being provided in the new system. For example, will the new system have digital radio capability?
- (f) Further to response NP-98(a), indicate the maintenance tickets issued for each year (1996 to 2000) attributable to switch/ controller, repeater, or VHF radios.

NP-232 For the budget item identified below, provide the following information:

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-69	\$8,942,000	Complete Microwave Radio System Interconnection

- (a) Provide the survey noted in response to NP-118.
- (b) Is Hydro aware of any electric utilities that utilize any communications facilities that are not owned by that utility and are used to support tele-protection or SCADA circuits. Provide all instances.
- (c) Provide a forecast of annual labour components of operating and maintaining the microwave system for the period 2002 to 2006.
- (d) Provide all instances where any microwave channel was not available over the past five years, when the outage occurred, the time it was not available and the nature of the failure.

NP-233 For the budget item identified below, answer the following questions.

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-14	\$127,000	Upper Salmon Generating Station

- (a) Further to PUB-6.1, provide reliability statistics and / or instances, either from Hydro's own records or from the information of other utilities, that show the installation of the proposed equipment increases reliability through the reduction of outages.
- (b) For each instance shown in the response to PUB-6.2, provide the date, time and duration as well as the cause of the outage. In addition indicate the likely reduced outage time had the fault recorder been in place for each outage.

NP-234 For the budget item identified below, answer the following question.

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-32	\$51,000	Purchase and Install Remote Communications Equipment – Buchans & Stony Brook

Further to PUB-23.1, document each instance (time, duration and cause of the outage) over the past two years where data was retrieved for fault analysis, and where such remote access would have improved restoration time. For each instance, indicate improvement in restoration time that would have been expected had this equipment been in place.

NP-235 For the budget item identified below, answer the following questions or provide the information as appropriate.

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-31	\$149,000	Replace Transformers – Burlington Substation

Further to PUB-31.1, indicate the size of the existing transformer bank, the proposed size of the padmount transformer, and the transformer load under normal peak load conditions (excluding cold load pick up) for each of the past five years. What were the factors that increased the peak load, necessitating the transformer bank replacement?

NP-236 For the budget item identified below, provide the following information.

<i>Budget Item</i>	<i>Amount</i>	<i>Description</i>
B-49	\$556,000	Relocation of Line – Cook’s Harbour

Further to PUB-31.0, indicate all instances over the past five years where outages have occurred to this line section. For each instance, indicate date, time and duration of outage as well as underlying cause. If data is not available for line section only, provide information for whole feeder.

- NP-237 Further to NP-16, explain why capitalized expenses for 2001 and 2002 have decreased so significantly.
- NP-238 Further to NP-90, provide details of the calculation of the 2002 forecast of \$6,646,000 Interest earned, RSP and \$8,504,000 interest capitalized.
- NP-239 Reconcile the \$100,768,000 'Interest' in 2002 from NP-2 to the \$101,662 'Interest' for 2002 from JCR, Schedule IX providing an explanation and calculation of the differences.
- NP-240 Reconcile the \$90,255,000 'Gross Interest, per Cost of Service' in 2002 from NP-2 to the \$93,584,000 'Interest' in 2002 from JCR, Schedule I, providing an explanation and calculation of the differences.
- NP-241 In NP-87, the average balance for the month appears higher than the simple average of opening and closing balances. Explain the short-term interest calculation provided.
- NP-242 In the materials filed by Hydro to date, interest coverage is calculated using various balances - e.g., including recall sales, excluding recall sales, excluding subsidiaries, excluding IOCC, etc.
- (a) Provide a detailed calculation of interest coverage for 2000, 2001 and 2002.
 - (b) Provide a copy of the PUB approval of the formula and appropriate balances to be used.
 - (c) Is the formula consistent with the industry standard and those used in other jurisdictions?
- NP-243 Interest in 2002 for the Northern Canada Power Commission loans is \$1,993,294 per LC -12. Reconcile this interest amount to the schedule included in NP-87.
- NP-244 Further to PUB-56, explain the methodology used and a detailed calculation of the interest increase of \$800,000 related to 'interest avoided' associated with the Hydro Quebec recall energy.

- NP-245 Further to NP-9, explain why the annual pension plan expense increased from an average of \$2.3 million over the years 1992-1999 to an average of \$2.9 million for the years 2000-2002.
- NP-246 (a) Further to NP-11, explain, by line item presented (eg: Materials Management, Management), the difference between the 2001 cost recoveries from CF(L)Co. of \$1,905,833 presented in the response to NP-11(a) page 2 of 2 and the \$2,194,299 presented in Schedule 1 of the response to NP-11(b).
- (b) Explain why there are no 'external cost recoveries' presented for the years 1992 through 2000 in the schedule provided in response to NP-11(a) page 2 of 2.
- (c) What is the fringe benefit rate applied to salaries in determining the charges to CF(L)Co.? How has that rate been derived?
- NP-247 Further to PUB-57.1, explain why there are no non-regulated expenses considered in the allocation of retained earnings in the opening retained earnings for 2001.
- NP-248 Further to NP-52, provide the basis for, and details behind the determination that \$228,000 is an appropriate annual amount for TWINCo. to bill Hydro annually.
- NP-249 Further to NP-187, provide details of any and all charges **from** CF(L)Co., Gull Island Power Company Limited, and Lower Churchill Development Corporation to Hydro during the period 1992 to 2000 and forecast for 2001 and 2002. Subject to the answer above, provide details on how the costs allocated or charged are determined?
- NP-250 Further to NP-53 and NP-160, explain why the 2002 cash payment on account of employee future benefits of \$675,000 presented in NP-160 is different from the 2002 cash payment of \$1,199,000 presented in NP-53.
- NP-251 Further to PUB-56.1, what is the nature of the \$325,000 of customer costs removed from the financial statements to arrive at the revenue requirement?

- NP-252 In NP-72(a), the common equity ratio appears to be calculated on an end-of-year basis. Provide the common equity ratio in a manner consistent with that used at KCM page 15 (i.e. average basis).
- NP-253 Further to NP-77, provide a reconciliation of the guarantee fee of \$12,336,000 for 2002 to the guarantee fee of \$12,085,000 presented in NP-2.
- NP-254 Further to NP-79, provide the Return on Ratebase for the years presented using the WACC indicated in the financial plan presented in IC-98, as opposed to the 7.4% proposed for the 2002 test year.
- NP-255
- (a) Further to NP-4, provide the basis for and determination of the Vacancy Adjustment of \$1,000,000.
 - (b) Provide further details of the \$15,598,809 Maintenance Materials forecast.
 - (c) Provide further details of the \$263,160 Memberships and Dues forecast.
 - (d) Provide further details of the \$2,510,000 Consultants forecast.
 - (e) Provide further details of the \$1,178,827 Software Acquisitions & Maintenance forecast.
 - (f) Provide further details of the \$2,177,568 Travel forecast.
- NP-256 Further to NP-6, explain why the staffing level projected for 2002 totaling 1144 employees (855 permanent plus 289 temporary) is greater than the level in 1992 of 1130 employees (1012 permanent plus 118 temporary).
- NP-257 In reference to page 3 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, Hydro's code of accounts has only been approved on a provisional basis. Does Hydro intend to ask for the Board's formal approval as a part of this hearing?
- NP-258 In reference to page 15 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, provide the reduction in the 2002 revenue requirement assuming a 15% reduction in the forecast capital expenditures for 2002.

- NP-259 In reference to page 45 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing:
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(a) Provide the monthly fuel efficiency factors that were averaged to derive the 609.6 kWh per barrel for the year 2000.

(b) Provide the monthly fuel efficiency factors for 2001 year to date.
- NP-260 In NP-142, the regulated margin includes an addition to the margin to account for the excess of assets over total capital structure multiplied by the weighted average cost of capital. Since the assets appear to be the total of the rate base, rural assets, CWIP and RSP, it would appear that a return on the assets in excess of the total capital structure is being duplicated (i.e., earning based on 3% equity component, financing costs being included in the interest expense, as well as earning on the excess of these assets). Should the adjustment result in a decrease in the regulated margin rather than an increase?
- NP-261 Restate the table presented in the response to NP-149 using the total complement (permanent plus temporary) of employees as the denominator in the equation, rather than just the permanent employees.
- NP-262 Further to NP-163, quantify the impact in the test year of the fuel efficiency factor at Holyrood being 2% less than that forecast.
- NP-263 Further to NP-23, justify the increase of 36 vehicles in Hydro's fleet (398 in 2001 vs. 362 in 1999), in light of the reduction of 46 permanent employees referred to in NP-6 (855 employees in 2001 vs. 901 employees in 1999)
- NP-264 In the response to NP-20, Hydro points out that a new multi-skilled classification "Diesel System Representative" (DSR) was created. In addition to the traditional duties, this classification can also perform meter reading. The number of meter readers/collectors on the 1992 organization chart is 13 compared to 18 on the 2001 chart. Why has this number increased? What impact will the implementation of the DSR positions have on the number of meter readers/collectors?
- NP-265 In reference to page 24 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, there is an expected reduction of 31 positions in TRO and 5 positions in production in 2001 that was expected to result in savings of approximately \$1,300,000.

Why is this reduction not evident in Exhibit 3 of the report that shows TRO salaries increasing by \$2.2 million from 2000 to 2002?

NP-266 In reference to page 33 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, reference is made to two expenditure items in 2002.

?? Equal Billing and Other Pay Methods Study \$250,000

?? Installation of "TruSsecure IP Security Program" \$115,000

(a) Explain the nature of the project and the benefits expected to accrue.

(b) Provide an estimate of the internal workforce costs expected to be incurred in addition to the amounts noted above.

NP-267 In reference to page 35 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, the 2002 transportation costs are based on 1999 actual plus 10%. Justify that the 10% amount as an appropriate estimate of cost increases expected to occur.

NP-268 In reference to page 26 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, the forecast temporary staff complements for 2001 and 2002 are based on May 2001 actual. What year-end temporary staff complement is expected for 2001 and 2002?

NP-269 In reference to page 32 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, reference is made to Hydro's intention to reduce the Bishop's Falls inventory by writing off more obsolete items to make room for newer inventory. Provide an estimate of the total carrying value of obsolete items included in inventory.

NP-270 Further to NP-29, what is Hydro doing to minimize its increasing absenteeism rates?

NP-271 Further to NP-30, what recommendations contained in the Quetta Inc. and Associates report have been adopted or undertaken by Hydro?

- NP-272 (a) Provide detailed calculations that support the depreciation expense amount claimed in this filing. The detailed depreciation calculations should present by depreciable category and vintage the following information for assets depreciated using the sinking fund method: 1) Original Cost; 2) Annuity Amount; 3) Accrued Depreciation. Also provide the depreciation parameters used in the depreciation calculations, such as, the interest rate, average service life and net salvage percent.
- (b) For assets depreciated using the straight line method, provide the following information by depreciable category and vintage: 1) Original Cost; 2) Annual Accrual Rate and Amount; 3) Accumulated Depreciation. Also provide the parameters used in the depreciation calculations, such as, the average service life, life span for all non-hydro generating stations.
- NP-273 Provide an explanation or supporting evidence for having different service life estimates between High Voltage Sub-Stations (40 years) and Low Voltage Sub-Stations (30 years).
- NP-274 Provide the amount claimed for net salvage by functional plant category that is presented in this filing.
- NP-275 Are there any write-downs of capital assets that are included in the test year period?
- NP-276 Provide the projected 2001 and 2002 plant activity by function, including the beginning-of-year and end-of-year plant balances.
- NP-277 On page 29 of the 1998 depreciation study report KPMG states, "NLH may consider coding its unit of property in such a manner that it will be easy to determine the number of like units and their total acquisition costs, by installation year, or in total. The coding would make it possible to compare the actual service lives of the assets with their assigned service lives on a statistical basis".

Many electric power utilities use a coding system defined as a Uniform System of Accounts, which identifies a particular type of asset (e.g., current transformer, compressor, control cable, etc.). Such coding facilitates the statistical analyses required for a variety of purposes, and makes it possible to check accounting practices on a continual basis.

Has Hydro implemented KPMG's recommendations stated on page 29 of the 1998 depreciation study report regarding property accounting practices?

NP-278 Provide a copy of NLH's capitalization policy.

NP-279 On page 33 of the 1998 depreciation study report, KPMG states that the service lives for certain assets, such as the Holyrood generating station will almost certainly be longer than estimated. Also, KPMG states that vehicles appear to have longer actual service lives than estimated by Hydro. On the basis of KPMG's analysis, it is recommended that the service lives of passenger cars be extended from 3 to 5 years and that of snowmobiles and pick-up trucks shall be set at 6 years.

Has Hydro implemented KPMG's recommendations regarding service lives presented on page 33 of the 1998 depreciation study report? If not, why not?

NP-280 What is the average service life estimate for Computer Software? Computer Hardware?

- NP-281
- (a) Further to NP-28(b), in what locations have Hydro implemented RCM?
 - (b) Provide a table comparing the person hours of preventative maintenance effort utilized under the existing and proposed system by location.
 - (c) Provide a table comparing the system equipment maintenance costs utilized under the existing and proposed system by location.

Questions for Grant Thornton

- NP-282 In reference to page 13 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, provide the calculation of the 1.09 times interest coverage when the profit contribution from the Hydro Quebec recall is excluded from net income. For both the numerator and the denominator, provide a reconciliation of the numbers used to those used to produce the 1.36 interest coverage presented on page 13.
- NP-283 The Grant Thornton, LLP report on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, commented on Hydro's interest coverage calculations at page 13. Explain and comment on the appropriateness (i.e., inclusion vs. exclusion of various items, and when to use the calculations) of Hydro's interest coverage calculation.
- NP-284 In reference to page 23 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, fuel cost savings from the 148.2 GWh reduced thermal production is estimated to be \$8.2 million. The response to NP-203 indicates that water storage levels are above the minimum target levels at the end of both June and July.
- (a) Provide an update of the fuel savings calculation for production to the end of July, 2001.
 - (b) Revise the fuel cost savings for the potential savings from reservoir storage levels in excess of the minimum target levels.
 - ?
- NP-285 In reference to page 26 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing:
- (a) Have salaries related to the negotiation of the development of the Lower Churchill River been paid for by Hydro?
 - (b) If so, have they been included in Hydro's rate base?
 - (c) If not, where have they been accounted for?

- NP-286 In reference to page 35 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing, in your opinion, should the communications plan advertising of \$75,000 be a regulated cost, or is the nature of the plan one of corporate promotion, and therefore should be chargeable to non-regulated accounts?
- NP-287 In reference to page 46 in the report of Grant Thornton, LLP on Newfoundland & Labrador Hydro's 2001 General Rate Hearing:
- (a) Provide the basis for the statement that Hydro was 'required' to provide the rural customers with the same rebate as that issued to consumers by Newfoundland Power in April, 2001.
 - (b) In your opinion, is it appropriate that Newfoundland Power's customers be asked to pay for the rebate to Hydro's rural customers.
- NP-288 Prior to 2000, employee future benefits related expenses were recognized on a cash basis. On which line of Exhibit 3 are these costs included in the years 1997 to 1999 and what was the amount incurred in each year?