

- 1 Q. Provide contract details of the power purchase agreement with CF(L)Co.  
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3 (a) What services are purchased and what are the rates for each service?  
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5 (b) What are the terms and conditions concerning 'recall" of the power  
6 and energy (Henderson Prefiled Testimony, page 14, lines 22 to 25)?  
7  
8 (c) Why are maximums set at 300 MW and 2362 GWh annually when  
9 purchases in 2002 are expected to total only 1042 GWh?  
10  
11 (d) Why did the CF(L)Co rate decrease in September 1, 2001 (Henderson  
12 Prefiled Testimony, page 16, lines 8 to 9)?  
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14

15 A. The power purchase agreement with CF(L)Co was provided in response to  
16 NP-40.  
17

- 18 (a) Hydro is purchasing recall power and energy from CF(L)Co in the  
19 amount of 300 MW and 2,362 GWh. The payment is made based on  
20 three components:  
21 (i) Basic Contract Demand;  
22 (ii) Energy Taken; and  
23 (iii) Interest Payment  
24

25 The rate for the Basic Contract Demand and Energy Taken is fixed at  
26 \$0.0025426 per kWh from September 1, 2001 to August 31, 2016.  
27 After that date the rate falls to \$0.0020000 per kWh for the remainder  
28 of the contract.

1           The Interest Payment is based on the interest expense CF(L)Co  
2           incurs which would have been paid by Hydro Quebec if Hydro was not  
3           purchasing energy from CF(L)Co.

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5           (b)   CF(L)Co through its contractual arrangement with Hydro Quebec has  
6           the right to recall power and energy from Hydro Quebec up to 300 MW  
7           and 2,362 GWh per year. Hydro purchases the power and energy  
8           recalled by CF(L)Co under the terms and conditions in the agreement  
9           provided in response to NP-40.

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11           (c)   Hydro is purchasing 300 MW and 2,362 GWh annually to supply loads  
12           in Labrador and to sell unused power and energy to Hydro Quebec.  
13           The purchase of 1,042 GWh is the forecast use in Labrador.

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15           (d)   The rates paid by Hydro are equal to the rates paid by Hydro Quebec  
16           to CF(L)Co. The rate decrease matches the rate decrease in the  
17           CF(L)Co/Hydro Quebec Power Contract.