Q. Provide details of the potential for the Voisey's Bay nickel smelter/refinery and a Labrador Infeed discussed on page 9, lines 17 to 22 of Mr. Budgell's Prefiled Testimony.

A. As indicated in the referenced testimony, the magnitude and timing of on-island industrial load associated with the Voisey's Bay nickel resource development represented a principal demand uncertainty during the 1990s. Based on initial communications with INCO, Hydro began a process that would have resulted in a power supply for a 200 MW smelter and refinery to be located at Argentia starting in 2000. A 200 MW increase in load represented approximately a 15 percent increase in demand for the Island interconnected system. Hydro's assumptions for associated on-island industrial load for the Voisey's Bay development subsequently decreased to a 100 MW load provision, and with the change in process technology, is now 50 MW assuming hydro-met ore processing technology and a commencement date of 2007. This load is now treated as a sensitivity case to a base case long-term load forecast.

Uncertainty on the supply side was driven by the demand uncertainty outlined above, and also uncertainty surrounding the outcome of negotiations between the Province and Hydro-Quebec concerning further developments on the Churchill River and a high voltage 800 MW transmission interconnection between Labrador and the Island portion of the Province. If a Labrador Infeed is committed, the objective would be to minimize new generation capital on the Island prior to Infeed commissioning.

At this point in time Hydro has no service requests from INCO to supply an on-island industrial load associated with the Voisey's Bay resource development. On the supply side, the Province has not yet been successful in reaching applicable agreements leading to the development of the Lower Churchill and a Labrador Infeed.