

1 Q. On page 14, lines 3 to 14 of Mr. Hamilton's Prefiled Testimony, he indicates
2 that the rate for secondary service is based on the greater of 90% of the
3 customer's avoided fuel cost or Hydro's opportunity cost based on revenues
4 it would receive by selling the power elsewhere. Provide Hydro's opportunity
5 cost for the past two years. How does Hydro verify the customer's fuel cost?
6 Is the boiler plant separately metered?

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9 A. Hydro's opportunity costs for the past two years are as follows:

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11	January to December 1999	24.5069 mills/kWh
12	January to May 2000	24.5069 mills/kWh
13	June to December 2000	2.9992 mills/kWh

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16 Rates are based on the opportunity to sell energy outside of Labrador
17 adjusted for average system losses from the Quebec Labrador border to the
18 bulk delivery point (Happy Valley 25 kV).

19

20 CFB Goose Bay provides a monthly statement to Hydro of the cost of fuel for
21 the CFB Goose Bay boiler plant.

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23 The CFB Goose Bay electric boiler is metered separately from the CFB
24 Goose Bay firm load.