Q.   (Re: p. 4, line 18 to 20)

Please show how the $3.2 million per year increase and the 18.8% increase are calculated. Separate the increase to show the RSP impact and base rates impact

A.   In reviewing the calculation, a small error was noted. The increase should be 19% and the amount should be $3.3 million.   Note that the impact without the RSP is 11.1% and $1.7 million.   The calculations are shown on the Table attached.

STEPHENVILLE POWER COSTS - PROPOSED VS. CURRENT				
	2000 Usage [1] 2001 Rates [2]	NLH Proposed [3]	% Change	Variance ($)
Usage [4]				
Energy (gwh)	552.3	552.3		
Load factor (%)	89.3%	89.3%		
Demand (kw)	70,392	70,392		
Rates				
Demand ($/kw/mth)	7.36	7.01	-4.8%	-0.35
Energy (mills / kwh)	19.34	23.09	19.4%	3.75
RSP (mills /kwh) [5]	2.80	5.58	99.3%	2.78
Costs				
Demand ($)	$ 6,217,021	$ 5,921,375	-4.8%	-$ 295,646
Energy ($)	$ 10,681,803	$ 12,752,991	19.4%	$ 2,071,187
Specific Allocated ($)	$ 120,000	$ 83,691	-30.3%	-$ 36,309
R.S.P. ($)	$ 1,546,487	$ 3,081,927	99.3%	$ 1,535,440
Interruptible 'B' Rebate	-$ 1,297,200	-$ 1,297,200	0.0%	$ -
Total Cost [6]	**$ 17,268,111**	**$ 20,542,783**	**19.0%**	**$ 3,274,672**
Total less RSP	**$ 15,721,625**	**$ 17,460,856**	**11.1%**	**$ 1,739,231**

NOTES:

[1] 2000 consumption used as this is last full year of actual usage.

[2] 2001 rates used as they are the most current, known rates.

[3] These are the rates proposed in the the application.

[4] Usage is kept constant in both scenarios in order to compare the effect of rates only.

[5] The 2002 RSP rate is from IC-132.

[6] The Total Cost for 2002 does not include proposed cost for transformer losses.