

**Q. Re: p. 15, lines 1-13 – Including Granite in Hydraulic Production**

**Prior to Granite coming into service, how will the 224 GWh be produced? What will happen to the RSP balances? Is it prudent to cause these changes? Why?**

- A. Prior to 2003 when Granite comes into service, the 224 GWh will either be produced by the existing hydraulic plants or by the Holyrood thermal plant. If during 2002 the other hydraulic plants do not produce more than the test year forecast (including Granite), the RSP balances will increase.

As Mr. Brockman stated on page 14 of his evidence, Hydro's base rates have been in place for more than 8 years. The rates resulting from this hearing may be in place for several years. This Granite Canal hydraulic plant will be coming into service in the year following the test year. This fact alone makes it reasonable to consider the production of Granite Canal for inclusion in the test year forecast of hydraulic production.