

1 Q. With respect to forecast 2002 Specifically Assigned Charges for each of the
2 Industrial Customers provide a breakdown of the component parts of each of
3 those forecast Specifically Assigned Charges and identify any Specifically
4 Assigned Charges proposed to be included in 2002 Specifically Assigned
5 Charges which have not been charged in previous years and the dollar
6 amount of and rationale for each proposed change.

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9 A. Please refer to IC-177 for a breakdown of the component parts of each of the
10 2002 forecast specifically assigned charges.

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12 Specifically assigned charges related to the two frequency converters are the
13 only charges not previously charged to Industrial customers. Please refer to
14 IC-41.1(Rev.2) for the component breakdowns associated with these assets.

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16 The frequency converters were reassigned following a review of plant
17 assignments undertaken in preparation for this rate application. In the initial
18 years of the Island Interconnected System, the frequency converters at
19 Corner Brook and Grand Falls were of benefit to each of the industrial
20 customers, Newfoundland Power and the grid as a whole. With the continued
21 expansion of the transmission system and the construction of generating
22 stations at Cat Arm and Hinds Lake, operation of the frequency converters
23 has little impact on the 230 kV system voltage levels. The role of the
24 frequency converters has been reduced to providing local voltage control for
25 the mill power systems and transferring power from 50 Hz to 60 Hz for use
26 within the individual paper mills. With the frequency converters being only of
27 benefit to the respective customers, the assets were specifically assigned to
28 each of the industrial customers they serve.