Q. Provide copies of all correspondence or other documents related to the introduction of frequency converters at Grand Falls and Corner Brook for the use of Abitibi Consolidated and Corner Brook Pulp and Paper, or their respective predecessors, all contractual documents between Hydro and either customer which have affected the converters since that time and an explanation of the rationale for installing the converters and regarding them as common assets for cost of service purposes to date.

A. Attached are copies of:

- a power contract dated December 10, 1982 between Hydro and The Bowater Power Company Limited (later Deer Lake Power Company Limited and now amalgamated into Corner Brook Pulp and Paper Limited) – please see Article 9.01; and
- a power contact between Hydro and Bowater Newfoundland Limited (now Corner Brook Pup and Paper Limited) dated December 10, 1982 – please see Article 8.01.

Please also refer to Hydro's response to IC-56 which contains reports that supported the decisions to install the frequency converters.

The rationale for installing the frequency converters is explained in detail in the response to IC-56. At the time of the development of Bay D'Espoir and the construction of the Island transmission grid it was decided that all future development would be at 60 Hz and that every effort should be made to convert existing 50 Hz load to 60 Hz operation. The frequency converters provided the mechanism that allowed the 50 Hz and 60 Hz systems to be

interconnected and function as a single system while an orderly conversion to 60 Hz was implemented over time.

At the time of system development the 50 Hz generation and load in the Grand Falls and Corner Brook areas constituted a significant portion of the total system load and the 50 Hz systems through the frequency converters provided support to the 60 Hz system as did the 60 Hz system provide support to the 50 Hz systems. It is this interdependence of the 50 Hz and 60 Hz systems that led to the frequency converters being regarded as common.

The Island interconnected system today is quite different. There is very little 50 Hz load remaining and the 60 Hz generation and transmission network has developed to the stage where the support provided by the converters is virtually insignificant. The primary function of the frequency converters today is to convert the customers' excess 50 Hz generation to 60 Hz to supply 60 Hz loads at the customers' mills in Corner Brook and Grand Falls-Windsor. It is because of this change in the significance of the converters that the assignment has been changed from common to specifically assigned.