

1 Q. With reference to PU26 (1999-2000), please provide copies of the Hydro
2 application or this hearing, including pre-filed testimony, a copy of the
3 report of Dr. Wallace Read to the Board, any follow up testimony or
4 evidence filed by Dr. Read, and any other expert testimony filed in that
5 proceeding. Also, please provide a copy of information request PUB-8
6 from the hearing.

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8 A. Attached are the following documents from the Roddickton hearing:

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- 10 - Hydro's application, as amended;
- 11 - a copy of the report of Dr. Wallace Read;
- 12 - excerpts from the transcript of February 2, 2000 constituting additional
- 13 evidence of Dr. Read; and
- 14 - Hydro's response to Information Request PUB-8.

- Q. Outline the plans for the Roddickton Wood Chip facility upon the interconnection of the GNP system. Provide details of the economic analysis performed to determine whether the plan for the Roddickton facility is the least cost option for Hydro's customers. Identify all costs associated with the Roddickton plant as reflected in NLH-1 and NLH-2. If the Roddickton plant was relocated or is being relocated, identify the cost of relocation.
- A. Upon the interconnection of the GNP system, Hydro plans to modify the Roddickton Wood Chip plant to fully utilize #2 diesel fuel and place it in a standby mode of operation. In early 1994, an economic analysis was performed to determine whether it is more cost effective for the plant to be placed in a standby status or mothballed. The details of this analysis are as follows:
- i) Two generation expansion scenarios for the Island Interconnected System were considered; Scenario 1 assumed the Wood Chip plant on standby status, and Scenario 2 assumed the Wood Chip plant in mothballed status.
 - ii) In Scenario 1, the capital costs for the GNP interconnection in addition to the transmission line and terminal station facilities, included:
 - modifications of the Wood Chip plant to burn #2 diesel fuel,
 - relocation of the Hawke's Bay diesel units to the Roddickton Wood Chip site,
 - placing the St. Anthony diesel plant in a standby mode, and
 - provision for one full size static var compensator for voltage support.

This cost is \$38.4 million for 1996 in-service exclusive of any contribution under the Canada/Newfoundland Infrastructure Works Agreement. Annual operation and maintenance costs related to the GNP generation facilities for this scenario are expected to be \$616,000 (Jan. 1993\$).

iii) In Scenario 2, the capital costs for the GNP interconnection in addition to the transmission line and terminal station facilities, included:

- mothballing the Wood Chip plant,
- relocation of diesel units from the Wood Chip site to St. Anthony and placing the St. Anthony diesel plant in a standby mode, and
- provision for two half size static var compensators for voltage support.

This cost is \$41.5 million for 1996 in-service exclusive of any contribution under the Canada/Newfoundland Infrastructure Works Agreement. Annual operation and maintenance costs related to the GNP generation facilities for this scenario are expected to be \$625,000 (Jan. 1993\$).

iv) A present worth analysis performed for each of the above two scenarios over a 30 year period showed an overall cumulative present worth preference of \$2.8 million (1993\$) for placing the Wood Chip plant in standby status. Excluding the effect of the initial capital costs, the cumulative worth preference based on future operating and generation expansion costs remains for the standby status at \$700,000 (1993\$).

As standby facilities, the generation on the GNP will fulfil a role similiar to that filled by Newfoundland Power's diesel and thermal facilities since the development of Bay d'Espoir and the Island transmission grid in the late 1960's.

The costs associated with the Roddickton plant as reflected in NLH-1 and NLH-2 are identified in Table 1 below.

Hydro has no plans to relocate the Roddickton Wood Chip plant.

TABLE 1		
NEWFOUNDLAND AND LABRADOR HYDRO RODDICKTON WOOD CHIP COSTS		
Description	NLH-1 1995 Base Case	NLH-2 1995 Interconnection Case
Operating & Maintenance	2,403,205	427,452
Fuel	1,744,632	12,000
Depreciation	1,018,633	1,261,045
Expense Credits	(5,666)	(1,523)
Interest	2,128,438	2,118,933
Disposal Gain/Loss	293	12,678
Margin	0	190,838
Total Revenue Requirement	7,289,535	4,021,423