

- 1 Q. RSP – Reference PUB-59, PUB-53 and IC-193,
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- 3 a) Provide detailed explanation for PUB-59 2001 (showing all
4 calculations, assumptions, data, and sources for data derived from
5 earlier COS studies or other sources) to explain each row for “Revised
6 COS” and for “Cost Difference” (at page 12 for 2001).
7
- 8 b) PUB-59 for 2001 shows various interest rates (at page 1 “interest rate
9 8.40% annually @ 8.11% monthly” and at page 10 “Interest = balance
10 * 8.55% from Jan to Dec 2001”). Please explain the basis for each
11 interest number, and the rationale for suing (*sic*) these different
12 numbers.
13
- 14 c) PUB-59 for 2002, under Fuel Variation at page 4, shows 2002
15 Forecast Barrels that are less than the forecast barrels consumed for
16 2002 shown at IC-24 (as well as Grant Thornton (*sic*) report dated
17 August 15, 2001, Exhibit 6-2). Please explain the difference and
18 confirm that it relates only to removal of forecast non-firm No. 6 Fuel
19 requirements.
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- 21 d) Confirm that PUB-59 2002 Summary Report should be adjusted to
22 reflect 2002 Labrador Interconnection allocations – please provide
23 adjusted Summary Report table, if this is required.
24
- 25 e) PUB-53 and IC-193 provide RSP forecasts for 2002 through 2005
26 assuming base oil prices reset in 2002 at \$25/bbl and \$15/bbl
27 respectively. Confirm that these responses assume no adjustment to
28 2002 Revenue Requirement or rates as set out in the Hydro

1 Application, and that the Revenue Variance (as part of Load Variance)
2 for 2002 through 2005 assume mill rates as currently applied for.
3 Explain the rationale for this assumption. Provide adjusted responses for
4 PUB-53 and IC-193 assuming that the NP and IC mill rates are
5 adjusted to reflect the rebased oil prices at levels different than
6 assumed in the Hydro Application – set out in detail the basis for the
7 adjusted mill rate calculations.
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9 A. a) Response to follow.
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11 b) Hydro's annual embedded cost of debt for 2001 is 8.4% and due to
12 compounding, this translates into a monthly rate of 8.11%. The interest
13 rate shown on page 10 for 2001 should have been 8.4% and not
14 8.55%.

15
16 c) The difference in barrels shown in PUB-59 2002 page 4 of 13 and the
17 forecast barrels shown in IC-24 of 11,142 is due to the removal of
18 forecast non-firm No. 6 fuel requirements.

19
20 d) The summary report in PUB-59 2002 should have included the
21 Labrador Interconnection and a revised summary report is attached.
22

23 e) Response to follow.