Q. Re: NP's peaking generation capacity – Supplementary Evidence Page 11

Please provide the costs to NP in 2002, broken out by O&M, return on ratebase and depreciation, for the peaking generation referred to in the response to NP-125 and NP-126. Please confirm that all fixed O&M, depreciation, and return on ratebase is recovered in the rates charged to NP's customers. Please confirm that all fuel and variable O&M is recovered from Hydro when NP is requested to operate the units. Please confirm that CA-173 shows all times that the units were run from 1996 to the present, if not, please provide a full schedule showing all times the units were run, the reason for the units being run, and the reason these were not considered 'purchases of power' by Hydro. Please confirm that Hydro and NP forecast zero power purchases from NP's peaking generation in 2002.

A. As stated in Response to Information CA-100, "On occasion, Hydro purchases power from Newfoundland Power. Hydro requests Newfoundland Power to operate its thermal generating plants in order to maintain secure operation of the power system and reliable service to all customers." Hydro reimburses Newfoundland Power the cost of fuel and additives used by the generating facilities put in service.

Newfoundland Power does not have 2002 forecast data available for fixed O&M, return on rate base and depreciation for peaking generation. Below is an estimate for 2000 based on the preliminary 2000 cost of service study. These costs include all overheads and general plant allocations.

O&M	$893,000
Depreciation	$163,000
Return on rate base	$651,000

All fixed O&M, depreciation and return on rate base for peaking generation is recovered in the rates charged to the customers of Newfoundland Power.

The variable O&M (i.e., fuel and additives) for peaking generation is recovered from Hydro when Newfoundland Power is requested to operate the units.

Newfoundland Power confirms that CA-173 shows all the times that the units were run from 1996 to present, except for one instance. On June 6,2000 Newfoundland Power ran its peaking generation at the request of Hydro for scheduled maintenance on transmission line TL214. Hydro paid Newfoundland Power $4,620.53 for the cost of running peaking generation on that occasion.

Newfoundland Power does not forecast any sales to Hydro from its peaking generation. Newfoundland Power cannot confirm Hydro's 2002 forecast of purchases from the peaking generation of Newfoundland Power.