

- Q. Evidence of Derek Osmond
Reference: Page 12, Line 30
- a. What was the basis for the original rates in the three separate areas (Happy Valley / Goose Bay, Wabush and Labrador City) ?
 - b. What was the cost of acquisition of the distribution assets for each of Wabush and Labrador City ? Was this in excess of the book value at the time? If so, how was the difference treated?
 - c. What additional investments and costs have been incurred since the time of acquisitions?
 - d. Provide copies of all Board orders regarding these acquisitions and any policies related thereto.
 - e. What commitments, if any, did Hydro make regarding rates to the customers in Wabush and Labrador City? Please provide relevant documents.
- A.
- a. Rates in the Happy Valley/Goose Bay area were frozen in 1981 at the 1981 Island Interconnected rates. Hydro took over the Wabush Electrical Distribution System from Wabush Mines and implemented rates effective January 1986, resulting from the 1985 Wabush Rate Hearing. The transfer of the Labrador City Distribution System occurred May 1992 with no change in rates.
 - b. There were no costs in excess of book value as the distribution assets for Wabush and Labrador City were acquired by Hydro for the nominal amount of \$1.

1 c. Additional investments and costs are shown in the table below.

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	Plant Investment	Contributions	Net Plant Investment
Wabush	\$6,142,548	(\$3,067,353) ¹	\$3,075,195
Labrador City	\$7,947,950	(\$2,511,423) ²	\$5,436,527

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4 ¹ Includes contribution from Wabush Mines \$3,000,000

5 ² Includes contribution from I.O.C. \$2,500,000

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7 d. Please see attached report dated October 3, 1985 and Order No. P. U. 4.
8 (1992).

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10 e. Hydro made no commitments regarding rates to the customers in
11 Wabush and Labrador City.