

1 Q. From HGB, Schedule V, explain the reason for the increase in losses for
 2 2002 (see below):

	<i>Increased Losses</i>			
	<i>Increase in Sales over</i>	<i>Increase in Losses</i>	<i>as a % of Change</i>	
	<i>Year</i>	<i>previous year</i>	<i>over previous year</i>	<i>in Sales</i>
8	2001	244.6 GWh	6.4 GWh	2.62%
10	2002	171.1 GWh	16.5 GWh	9.64%

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 12 A. As explained on page 6 of the direct evidence of H.G. Budgell, starting in
 13 2002, the forecast for bulk deliveries to Hydro Rural Interconnected in
 14 Schedule V reflects changes in bulk metering. This modification results from
 15 a change in assignment of plant relating to the 1995 PUB recommendation
 16 arising from the Inquiry on Rural Electrical Service “that both generation
 17 assets and the 138 kV transmission line on the Great Northern Peninsula be
 18 assigned, on a provisional basis, as being of common benefit to all
 19 Interconnected Customers and that sub-transmission costs (for lines whose
 20 voltage is below 138 kV) be specifically assigned” (H.G. Budgell Direct
 21 Evidence, page 15).

22
 23 The assignment of the GNP 138 kV transmission losses to common starting
 24 in 2002 increases common losses.