Q. (a) Explain the change in status of CFB Goose Bay from Industrial to non-industrial status (JAB-1, page 3).

(b) Does CFB Goose Bay have any firm power requirements (JAB-1, page 25 of 94)?

(c) In the cost of service study filed in the fall of 2000 with the application requesting rates be approved for industrial customers, the cost of serving CFB Goose Bay in 1999 was $1,591,871 (including deficit). In the 2002 Cost of Service study the cost of serving CFB Goose Bay is forecast to be $182,957 (including deficit) (Exhibit JAB-1, page 3 of 94). Explain in detail the cost reduction.

A. (a) The Electrical Power Control Act was amended in 1994 and at that time defined an industrial customer as "any person purchasing power, other than a retailer, supplied from the bulk transmission grid at voltages of 66 KV or greater on the primary side of any transformation equipment directly supplying the person". This definition has been incorporated into the availability clause for industrial customers as outlined in Schedule A, pages 3 – 5, of Hydro's Rate Application. As the supply of secondary energy to CFB Goose Bay is at 25 KV it does not fit the definition of an industrial customer.

(b) CFB is supplied under rate class 2.4 General Service Over 1,000 kVa.

(c) See attached.

Part C:

CFB-Goose Bay Cost Allocation	Interim Methodology 1999	Proposed Methodology 2002	Explanation
Demand Costs	1,101,002	-	No demand allocation in 2002, sales now treated as secondary.
Energy Costs	267,736	137,703	Reduction in total energy related revenue requirement, reduction in MWh allocation factor, proportionate to rest of system
Customer Costs	85,917	723	Specifically assigned charges no longer applicable
Deficit Allocation	137,216	44,527	Elimination of demand costs, Methodology change for deficit allocation
	1,591,871	182,953	