

- 1 Q. Hydro's 2000 Annual Report, page 10 indicates that the "digital radio  
2 technology will provide opportunities for the generation of non-traditional  
3 revenue for the company with the sale of any excess bandwidth to outside  
4 parties":
- 5 a) Identify the other parties that are anticipated to use the system.  
6 b) How much revenue has been provided in the test year from this  
7 source?  
8 c) How have the rates charged been established?  
9 d) How has the cost of service been determined and has such been  
10 allocated to non-regulated operations?  
11 e) Have the costs and revenues been included in the revenue requirement  
12 calculation in JCR Schedule 1? If so, provide details in the form of JCR  
13 Schedule 1.  
14 f) What percentage of the capacity of the system is used by Hydro?  
15 g) What percentage of the capacity of the system is used by other  
16 parties?  
17 h) What percentage of the capacity of the system is spare (i.e. not  
18 currently used by Hydro or other parties)?  
19 i) What percentage of the capacity of the system is anticipated to be used  
20 by other parties in the future?  
21 j) Provide any other instances where Hydro is generating non-traditional  
22 revenue and how the revenue and associated expenses are treated for  
23 regulatory purposes.  
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- 25 A. a) Several local telco and cable companies as well as NP have expressed  
26 interest in using any excess bandwidth available. No firm commitments  
27 have been made, as the East Coast Microwave infrastructure will not  
28 be completed until December 2001.

- 1           b) No revenue has been provided in the test year from this source.
- 2           c) No rates have been established.
- 3           d) Not applicable based on response to parts (a), (b) and (c).
- 4           e) The operating costs have been included in JCR schedule 1 (refer to
- 5                 NP-118 p. (b).
- 6           f) Hydro will initially use 33% of the capacity of the main transport
- 7                 backbone infrastructure and 50% of the capacity on the low capacity
- 8                 drops to terminal/generating stations and area offices. As Hydro's
- 9                 requirements increase, Hydro's use of the capacity will increase.
- 10          g) No capacity will be used by other parties when the system goes into
- 11                 service in December 2001.
- 12          h) Sixty-six percent (66%) of the capacity will be spare when the system
- 13                 goes into service in December 2001. Of the main transport backbones
- 14                 infrastructure and 50% of the capacity and low capacity drops to
- 15                 terminal/generating stations and area offices.
- 16          i) The percentage of the capacity of the system that is anticipated to be
- 17                 used by others in the future is estimated at this time, to be 33%. It
- 18                 should be noted that the capacity and the infrastructure to support the
- 19                 capacity are not directly related. The same infrastructure is required
- 20                 whether Hydro uses 33% or 100% of the capacity of the system, as the
- 21                 additional multiplexing equipment which is required to add additional
- 22                 capacity is not a large component of the overall cost.
- 23          j) Hydro generates revenue from the joint-use and/or rental of excess
- 24                 capacity of poles, microwave and VHF systems, and buildings. Such
- 25                 revenues are treated as expense credits and reduce the revenue
- 26                 requirement from ratepayers.