

- Q. In reference to page 23 in the report of Grant Thornton LLP on Newfoundland & Labrador Hydro's 2001 Rate Hearing, fuel cost saving from the 148.2 GWh reduced thermal production is estimated to be \$8.2 million. The response to NP-203 indicates that water storage levels are above the minimum target levels at the end of both June and July.
- (a) Provide an update of the fuel cost savings calculation for production to the end of July, 2001.
 - (b) Revise the fuel cost savings for the potential savings from the reservoir storage levels in excess of the minimum target levels.
- A. (a) According to the information provided by Hydro for the July 2001 (year-to-date) thermal production figures, thermal production is below the forecast by 89.4 GWh. Applying the fuel conversion factor of 610 kWh produced per barrel of No. 6 fuel, the fuel cost savings from 89.4 GWh at an average price of \$32.33 as of July 31, 2001 (year-to-date) would be approximately \$4.7 million.
- (b) Increases in reservoir storage levels in excess of the minimum target levels, does not necessarily translate into a corresponding increase in hydraulic production by the same amount of GWh. NP-203 does not provide sufficient information to enable us to calculate the potential fuel cost savings resulting from an increase in hydraulic production.