IN THE MATTER OF the Electrical Power Control Act, 1994 and the Public Utilities Act

AND IN THE MATTER OF a General Rate Application by Newfoundland and Labrador Hydro for approvals of, under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to Newfoundland Power, Rural Customers and Industrial Customers; and under Section 71 of the Act, changes to the Rules and Regulations applicable to the supply of electricity to Rural Customers

INFORMATION REQUESTS FROM ISLAND INDUSTRIAL CUSTOMERS TO HYDRO, IC 201-

REVISED INFORMATION REQUESTS

IC 4-NLH (Rev) Provide the 2004 Forecast Cost of Service for the Island Interconnected System assuming that the 1996 interconnection of the Great Northern Peninsula had not occurred. Make the necessary assumptions in order to complete this cost of service and list the assumptions used.

IC 13-NLH (Rev) Indicate annual functionalized cost of service for each of the generation sources (hydraulic, No. 6 fuel, gas turbine fuel, power purchases from NUGs, power purchases from non-NUGs) and for transmission, based on COSS for the Island Interconnected System, showing separately for each generation source and for transmission (where this is separate): fuel expenses, O&M, depreciation, expense credits, disposal gain/loss, return on debt and return on equity. Indicate classified generation and transmission costs (Production Demand,

Production and Transmission Energy, Transmission Demand) separately for each fuel source and for transmission.

IC 20-NLH (Rev) Provide RSP forecast rate adjustments for 2005, 2006 and 2007 for No. 6 fuel prices of $ 25/bbl, $30/bbl and $35/bbl, assuming that the proposed rates for 2004 are implemented in January, 2004

IC 28-NLH (Rev) Provide the cost in U.S. and in Canadian dollars of No. 6 fuel in 2004 assuming each of the following scenarios:

a) Hydro's application is adjusted to charge $25 per barrel No. 6 fuel price for inclusion in Hydro's 2004 base rates.

b) Hydro's application is adjusted to charge $30 per barrel No. 6 fuel price for inclusion in Hydro's 2004 base rates.

c) Hydro's application is adjusted to charge $35 per barrel No. 6 fuel price for inclusion in Hydro's 2004 base rates.

d) Provide revised cost of service for each fuel price in (a), (b) and (c).

IC 78-NLH This question is withdrawn.

SUPPLEMENTARY REQUESTS

Cost of Service

IC 201-NLH Cost-of-Service: Please explain all changes in the NBV (Schedule 2.3A Exhibit RDG-1) for lines 35 to 39 compared to the 2002 final COS

filed 13 August 2002 (lines 34 to 39) including any reclassifications, changes to groupings and rationale for all changes. Please indicate the implications of any changes on the COS results.

IC-202 NLH Please explain the functional categories of "other" (lines 6 and 10 of Schedule 2.4A Exhibit RDG-1), including what operating and maintenance expenses are functionalized to these categories, and where the costs were in 2002 (given that there was no "other" category in the 2002 COS).

Existing & Historical rates

Cost of Fuel

IC-203 NLH Provide the weighted average cost in U.S. dollars of No. 6 fuel in each of the years 1995 - 2002, inclusive and, in 2003, to date and forecast for the whole year. Cost to include freight.

IC-204 NLH The new generation coming on line in 2003 exceeds the load growth. Confirm that the excess new generation will result in lower fuel consumption in Holyrood.

IC-205 NLH If new generation coming on line in 2003 does reduce consumption, what is the reduction in fuel volume due to the excess generation?

IC-206 NLH How much has the fuel cost been reduced in the 2004 cost of service to reflect the reduction in fuel volume due to the excess generation? What other variable costs have been reduced as a result of this excess capacity?

IC-207 NLH Please indicate the additional costs that would have been incurred by Hydro for fuel in 2002 if the Holyrood station had achieved the 615

kW.h/bbl efficiency level that was approved by the Board in the 2001 GRA (as compared to the actual achieved efficiency of 648 kW.h/bbl). Please set out all calculations and data required to complete the above analysis.

Operating costs

IC-208 NLH Corporate Overview evidence page 14, chart 6 : For each of the years 2000 to 2004, provide the inflation, the net controllable cost and the MWh delivered.

IC-209 NLH Corporate Overview evidence page 14, chart 6 : Line 14 on page 14 refers to controllable costs, whereas the chart refers to net controllable costs. What is the distinction between net controllable costs and controllable costs?

IC-210 NLH Corporate Overview evidence page 14, chart 6 : What does Hydro consider to be controllable costs? Which of these costs are fixed and which are variable with delivered MWh?

IC-211 NLH Finance and Corporate Services Evidence page 22, table 3 shows the 2002 permanent complement in Finance to be 80 and Human Resources & Legal to be 60: What are the comparable numbers of positions that are built into the 2004 cost of service? Provide a breakdown of these positions showing the number in the various positions.

IC-212 NLH Provide a copy of the submission from NLH's union(s) in 2003 proposing where $2.5 million in operating costs could be eliminated.

IC-213 NLH Provide a breakdown of the expected cost savings associated with not recalling certain temporary/seasonal employees in 2003, the positions

which were eliminated compared to 2002, the rationale for that move and the number, type and cost associated with those positions eliminated in 2004 that are included in the 2004 cost of service. If there are any of those positions included in the 2004 cost of service, indicate the reason for including each position and why it is expected to be needed when it was not needed in 2003.

IC-214 NLH Provide a copy of Hydro's annual reports for 2001 and 2002.

Wheeling

Labrador

Industrial contracts

IC-215 NLH For each customer on the underfrequency load shedding program, what is the maximum load that may be shed?

Interruptible Capacity

IC-216 NLH Please provide a summary of all of Hydro's interruptible capacity rate offerings over the past 10 years (including Interruptible B), showing the duration of the offering, the start dates and end dates, the rate paid per MW, the terms and conditions of the offering, the total number of customers participating, the total number of MW participating, and the total amounts paid.

IC-217 NLH In the System Operating Instructions (Appendix A of JRH-3), please describe what is meant by "Ask Newfoundland Power to curtail any interruptible loads available?"

IC-218 NLH Does Newfoundland Power offer an interruptible load program? If so, please provide the rate paid per MW, the terms and conditions of the offering, the total number of customers participating, and the total number of MW participating. Also, please provide a copy of the rate schedule or contract used by NP for any interruptible rate offering.

IC-219 NLH Is there any formal or informal agreement between Hydro and Newfoundland Power addressing the dispatch of NP's interruptible loads? Please provide a copy of any agreement.

IC-220 NLH How are the costs of any Newfoundland Power's interruptible rate offering, if any, addressed? Does Hydro pay any of these costs?

IC-221 NLH Is Hydro aware of any plans to eliminate any NP curtailable load offerings, if any?

IC-222 NLH Please provide details of any interruptible load offerings Hydro is aware of available from other Canadian utilities, including the rate paid per MW, the terms and conditions of the offering, the total number of customers participating, and the total number of MW participating. Also, please provide a copy of the rate schedule or contract used by each utility for their interruptible rate offering.

IC-223 NLH Please indicate the costs per year to Hydro for Interruptible B in $/kW/year.

IC-224 NLH Please provide a copy of Appendix B of Exhibit JRH-3 showing the impact on the system of retaining the assignment of GNP assets from P.U. 7 (2002-2003) and renewing Interruptible B based on the existing terms for 46 MW.

Cost of Service Methodology

IC-225 NLH With reference to the COS page 32 of 107, line 2, columns 3 and 5. explain and show calculations, how the 167387 kw and the 162,514 kw were determined. What coincidence factor was used and how was this determined? Show all calculations.

IC-226 NLH Haynes schedule XVII : Why is the line and substation to Coney Arm assigned as common?

IC-227 NLH Please provide a copy of the cost-of-service (RDG-1) reflecting the Burin Peninsula transmission not assigned to Common

IC-228 NLH If line TL219 and the association terminal stations on the Burin Peninsula was assigned to NP, what would be the resulting impacts on each customer class?

IC-229 NLH If line TL212 and the association terminal stations on the Burin Peninsula was assigned to NP, what would be the resulting impacts on each customer class?

Subsidy

GNP

IC-230 NLH Please show the load forecast for CP, NCP and energy by month for the GNP loads in 2004.

IC-231 NLH Please provide any and all studies produced in response to P.U. 5 (2000-2001) in regards to the amount of emergency power which should be in place in the GNP.

IC-232 NLH Please confirm that, per Appendix B of Exhibit JRH-3, the assignment of GNP generating assets to common results in an increase to the costs assigned to NP by $1,202,115 and to IC of $191,154 for a total impact of $1,348,283.

IC-233 NLH Please confirm that after allocation of the Rural Deficit, Appendix B of Exhibit JRH-3 shows the assignment of GNP generation assets to common results in $191,136 extra costs to the IC in 2004, but basically no impact on NP (less than 0.005%).

IC-234 NLH Please confirm that assignment of the GNP generation assets to common results in $44,986 in additional revenue requirements (return on equity) to Hydro.

IC-235 NLH Exhibit JRH-3 indicates the GNP generation units were operated once in support of the Island Interconnected System and once were tested to ensure they were ready. Please indicate the number of times since 1996 that the GNP generation (Hawke's Bay and St. Anthony) operated in support of the local load (i.e. due to transmission of transformation problems on the GNP, etc.).

Capital Structure and Rate of Return

IC-236 NLH Indicate the Revenue to Cost Coverage Ratios (RCC's) for the Industrial Class and NP by year from 1992 to 2004 based on all of Hydro's available COS studies (prospective and actual) for these years and using the same interest coverage rate for industrial customers that was

approved by the Board for NP. Indicate in each instance the portion (if any) of the RCC for each of these rate classes affected by Rural Deficit charges.

IC-237 NLH What was the actual interest coverage ratio for each of the years 1991 to 2001?

IC-238 NLH Please provide a comparison of the cost of debt from the Final 2002 numbers (8.166%) to the forecast 2004 numbers (8.283%) indicating the impact of new debt issued including the rates, any debt redeemed including the rate, and sinking fund balances, earnings and rates.

IC-239 NLH Provide the reports on the annual reviews of Hydro conducted by the Board's financial consultants for each of the years 2001 and 2002.

Rate Stabilization Plan

IC-240 NLH Please provide all working papers, reports, analysis or comparative studies completed by or for Hydro regarding rate stabilization mechanisms used by other utilities or mechanisms that may be appropriate for future application in Newfoundland.

IC-241 NLH Indicate if Hydro or any of its experts in this proceeding has reviewed and/or studied load variation mechanisms in any other utility rate stabilization mechanisms? Please provide any analysis and conclusions from such review and/or study.

IC-242 NLH Please confirm that risks for load variation typically reside with the utility.

IC-243 NLH Please confirm that the current 'new RSP' does not require Hydro to reallocate Production Demand or Transmission Demand related costs (similar to IC-271 (Rev) from the 2001 hearing), as was required under the RSP prior to 2001. If not confirmed, please provide data comparable to IC-271 (Rev) (2001) for all RSP actuals 2001-2003.

Depreciation

IC-244 NLH Please confirm Hydro utilizes the Equal Life Group ("ELG") approach to depreciation.

- IC-245 NLH Please indicate if Hydro has completed any analysis of the Average Service Life ("ASL") approach or any other approach to depreciation as an alternative ot the ELG approach. If so, please provide copies of any analysis regarding the implications for depreciation rates and costs in the 2004 cost-of-service.
-
- IC-246 NLH Please indicate any Decision that Hydro is aware of where the Newfoundland Board has expressly approved the use of ELG for Newfoundland utilities.
-
- IC-247 NLH Please indicate whether Hydro has reviewed which other jurisdictions in Canada allow utilities to use the ELG approach to depreciation.
-
- IC-248 NLH Please confirm that the ELG approach to depreciation is more aggressive (i.e. leads to higher depreciation rates) than the ASL approach, particularly on newer assets.
-
- IC-249 NLH Please indicate the difference in costs related to the Granite Canal project if the ASL approach was applied rather than the ELG.

-

- IC-250 NLH Please confirm that all reported depreciation cost estimates include all appropriations for removal and restoration reserves and net of any forecast salvage values.

New generation

IC-251 NLH List all costs in the 2004 cost of service associated with Granite Canal including proposed 2004 capital projects including granite. What is the average annual generation of this generating source?

Holyrood

IC-252 NLH Please provide a list of all capital projects undertaken on the Holyrood generating station in the last five years that have a potential to increase the efficiency of the station. Please provide any details and analysis on the amount of increased efficiency expected.

Granite Canal

IC-253 NLH Please provide a copy of the economic assessments used to determine that Granite Canal was the lowest cost resource available to Hydro (including costs of any associated transmission required. Please indicate the calculated long-term levelized price per kW.h over the life of the project and provide detailed calculations of this figure. Provide a comparison to the forecast long-term levelized price per kW.h for additional thermal generation at Holyrood (along with detailed calculations), and other resource options identified and analyzed,

including any interconnection to Labrador or other points on the North American grid.

IC-254 NLH Please provide any analysis undertaken regarding any changes to the costs of the Granite Canal project if a later in-service date had been targeted (i.e. 2005 or 2006).

IC-255 NLH Please indicate the progress of any discussions with the Government of Canada in regards to assistance they may provide and/or role they may play in new energy resource acquisition (including interconnections to Labrador or other points on the North American grid).

IC-256 NLH Please indicate the assumed cost of capital (interest costs, return on equity, debt/equity ratios) used in the Granite Canal analysis. If the assumptions for cost of capital change over time, please indicate the changes assumed.

IC-257 NLH Please indicate the total capital cost for the Granite Canal project (including required associated transmission and all interest during construction). Please show a forecast continuity schedule of Granite Canal project net plant in service for 50 years, reflecting all depreciation and reasonable capital investments expected by year.

IC-258 NLH Please indicate the depreciation parameters being applied to the Granite Canal project, including service life, salvage values and any reserves for removal and restoration. Please indicate if and how these parameters differ from Hydro's existing hydraulic production plant.

IC-259 NLH Please show the 2004 and 2005 LOLH and Energy Balance if Granite Canal were not in service.

IC-260 NLH Please indicate the in-service date (by unit if being brought into service on a staged basis) and demand and energy available to the system at that time from each of:

- Granite Canal
- any capacity/energy improvements to existing facilities since the last GRA
- NUGS
- PPAs

IC-261 NLH Please provide an estimate of the total increase to each O&M functional category (using the column headings from RDG-1 Schedule 2.4A) as a result of Granite Canal being in service (i.e. compared to Granite Canal and any associated transmission not being built).

Other Generation

IC-262 NLH Does Hydro dispatch the NUGS or PPA energy? If so, does the pricing for this energy in any way reflect capacity output (as opposed to fixed charges or variable prices per kW.h)? Please explain the operation of any *capacity* compensation provisions.

IC-263 NLH Do the contracts with NUGS or PPA include escalators or other price changes to reflect inflation, etc.?

IC-264 NLH What is the term and termination date of the NUG or PPA agreements?

Load

IC-265 NLH Please reconcile Schedule 4.2 from Exhibit RDG-1 (Island Interconnected) (sales plus losses) and the Island Interconnected customers CPs (Schedule 3.1A from RDG-1) with the peaks and energy values shown in Haynes Schedule XI

IC-266 NLH Please provide an updated version of the information provided in NP-126, NP-125 and NP-121 from the 2001 hearing.

IC-267 NLH Please reconcile all MW peaks in Haynes, Schedule XI to the 1CP values shown in the cost-of-service (exhibit RDG-1) Schedule 3.1A for the Island Interconnected system.

IC-268 NLH Please reconcile the 2,136,000 kW and 1,367,000 MW.h IC billing determinants per Schedule 1.3.2 of Exhibit RDG-1 with the figures used in Haynes Schedule XI. Please also reconcile figures for other rate classes on the Island Interconnected system.

IC-269 NLH Please provide a comparison of the long-term load forecast in Budgell Schedule X from the 2001 hearing to Haynes Table 8 (age 37) from the current filing. Please indicate all variances, provide an explanation the basis for the revised figures, and indicate contributing factors.

IC-270 NLH Please provide the capacity and energy forecasts for the 2002 to 2012 period from each of the long-term planning load forecasts produced since 1992. Indicate for each load forecast the 10-year annual average load growth projection.

IC-271 NLH For each of the long-term planning load forecasts, separately indicate all peak and energy assumptions regarding any facilities that were forecast to be located on the Island Interconnected system related to the Voisey's Bay development.

IC-272 NLH Please provide the data shown in Haynes, Schedule XI for the actuals for 1992 to 2001. Please include calculation of the system load factor for those years.

Demand

IC-273 NLH Please indicate in detail the demand values used in calculating Industrial customer bills. Do the billing methods use contracted demands, actual demands, ratcheted demands?

IC-274 NLH Please indicate the demand values used in calculating the Industrial customer billing determinants in Schedule 1.3.2 of Exhibit RDG1. Is this value (2,136,000 kW) based on contracted demand, actual demand, ratcheted demands, forecast billing demands? Please provide the billing determinants by month for NP and IC values in this schedule.

IC-275 NLH Has Newfoundland Hydro done any review of industrial customer demand values used for billing or cost-of-service purposes in other jurisdictions in Canada? If so, has Hydro identified any other regulated utilities that prepare a cost-of-service or billing based on the same approach used by Hydro? Has Hydro identified any that prepare a cost-of-service or billing based on a different approach used by Hydro? If so, please explain any differences.

Capacity Requirements

IC-276 NLH Please indicate all 2004 costs associated with Hydro's gas turbines on the Island Interconnected System, broken down by depreciation, return on rate base, O&M, administration, fuel, inventory, and other costs. Please also indicate all associated amounts for transmission and terminal stations required only to interconnect the gas turbines to the grid.

IC-277 NLH Please indicate all 2004 costs associated with Hydro's diesel generation on the Island Interconnected System, broken down by depreciation, return on rate base, O&M, administration, fuel, inventory, and other costs. Please also indicate all associated amounts for transmission and terminal stations required only to interconnect the diesel generation to the grid.

IC-278 NLH If there are diesel generators on the Island Interconnected grid in addition to those located on the GNP, please separately provide the above information for only those diesel generators located on the GNP.

IC-279 NLH Please indicate the capacity of all diesel generating units on the Island Interconnected grid, by unit.

IC-280 NLH Please indicate all capital expenditures forecast or expected on the Island Interconnected gas turbines over the next 10 years.

IC-281 NLH Please indicate all capital expenditures forecast or expected on the Island Interconnected diesel generation over the next 10 years.

IC-282 NLH Please provide copies of any recent condition assessments completed on the Island Interconnected gas turbines, along with estimates of the costs to address any required work identified.

IC-283 NLH Please provide copies of any recent condition assessments completed on the Island Interconnected diesel generators, along with estimates of the costs to address any required work identified.

IC-284 NLH Please indicate the expected retirement date of each of the gas turbines.

IC-285 NLH Please indicate the expected retirement date of each of the diesel generators

IC-286 NLH Please show the effect on Haynes Table 8 for the Island Interconnected system assuming

(a) the gas turbines were retired during 2004.
(b) all diesel engines were retired during 2004
(c) all GNP loads were disconnected from the Island Interconnected System,
(d) all GNP generation was disconnected from the Island Interconnected System,

and assuming, in the alternative,

(a) all gas turbines were retired from service in 2004.
(b) all GNP loads were disconnected from the Island Interconnected System,
(c) all GNP generation was disconnected from the Island Interconnected System,
(d) All GNP generation was disconnected from the Island Interconnected System
(e) Hydro maintained the 46 MW of Interruptible B power through the entire 10 year forecast.

IC-287 NLH Please confirm that the addition of the hydrometallurgical processing facility forecast for 2012 will require a substantial increase in generating complement well in excess of 600 GWh per year. Please indicate the generating capacity (MW) required by 2012 (compared to the assumptions in Haynes Table 8) to reduce the forecast LOLH below 2.8 hours per year in 2012.

IC-288 NLH Please provide a copy of Table 3-3 (page 12 from Exhibit JRH-3) showing all figures assuming the 46 MW of Interruptible B power had been maintained.

IC-289 NLH Please confirm that new peaking capacity costs are assumed by Hydro to be $100/kW/year for units that are only designed to provide capacity benefits (no material energy benefits) as per page 13 of exhibit JRH-3. If not, please provide the cost/kW that Hydro normally uses in assessing the value of capacity.

IC-290 NLH Please provide the load forecast for 2004 for the Burin peninsula, indicating capacity peaks and energy by month, as well as generating forecast for generation on the Burin peninsula by month.

IC-291 NLH Please indicate the treatment of the Burin peninsula transmission line and associated stations in the cost-of-service, including the division of plant functionalized to each of “lines-hydraulic” and “lines” (also “term stns hydraulic” and “term stns”).

IC-292 NLH Please provide a copy of the cost-of-service (Exhibit RDG-1) assuming NP installed an additional 46 MW of peaking capability (in the form of gas turbines).

IC-293 NLH Please explain the comment at page 14 of exhibit JRH-3 that “the existing system requires approximately 16%, or 300 MW, of reserve capacity to meet the established planning criteria” in light of the fact that the established planning criteria is based on LOLE of 2.8 hours. Are these two measures basically equivalent?

IC-294 NLH In the System Operating Instructions (Appendix A of exhibit JRH-3) please explain the step one loading to “near full capacity” as opposed to full capacity. At what point in the progression are these units brought to full capacity?

IC-295 NLH In the System Operating Instructions (Appendix A of exhibit JRH-3), step five states that all standby generators should be started “in order of increasing average energy production cost with due consideration for unit start-up time”. Please provide a listing of all standby generators showing:

(a) the location
(b) the net capacity available
(c) the average energy production cost
(d) the normal dispatch sequence, and
(e) the normal unit start up times (by season if there is a seasonal variation)

IC-296 NLH By unit, please describe in detail the steps and time required to bring each of the standby generators on line. Are any of these stations manned 24 hours a day?

IC-297 NLH Please describe the testing of the GNP diesel generation as outlined on page 16 of JRH-3. Is it necessary to test these units in advance of dispatching them?

IC-298 NLH Please provide an updated table similar to page 12 of IC-202 from the 2001 hearing (the 2 CP data is not required). Please reconcile all differences between CP at Customer meter and CP at Generator. Please reconcile all values to Haynes, Schedule XI

IC-299 NLH Please provide the forecast variable fuel cost per kW.h for 2003 for gas turbines? Is it reasonable to assume that NP's variable cost per kW.h to generate with gas turbines is comparable to Hydro's?

IC-300 NLH Please indicate all occasions since 2000 when NP's generation has been dispatched by Hydro to cover system capacity peaks, including the date and time, the duration, the number of MW and MW.h dispatched, any amounts paid by Hydro to NP (showing the full calculation of any amounts paid).

IC-301 NLH Please show the monthly LOLH for the years shown in Haynes Schedule XIV, similar to the format used in the table in IC-218 from the 2001 hearing.

Losses

IC-302 NLH The rate schedule for Industrial wheeling indicates that the average system loss on the island over the past five years is 3.21%:

(a) What was the % loss in each of the years?

(b) How is the system loss determined? Show all calculations.

(c) In those cases where the metering is on the load side of a transformer, and the customer is billed for the transformer losses, are these transformer losses subtracted from the system losses?

IC-303 NLH For each of the industrial customers who are invoiced by Hydro for transformer losses, provide the transformer demand and energy losses and the associated cost for each customer for each month since September 2002.

Preferential rates

Rate Structure

IC-304 NLH In Hydro's opinion, what constitutes 'rate shock'

IC-305 NLH In Hydro's opinion, when should the principle of gradualism be used?

NP generation credit

IC-306 NLH Show how the net capacity credit used in the 2004 cost of service is calculated.

IC-307 NLH Provide a copy of the contract or agreement between Hydro and NP for Hydro's right to request the use of NP's peaking capacity.

IC-308 NLH Please confirm that NP's "generation credit" was applied in calculating the system load factor for the purposes of classifying the costs of hydraulic generation between capacity and energy (at Schedule 4.2 of RDG-1).

IC-309 NLH Please show the calculation of the system load factor that would apply if the NP generation credit were not applied in the calculation of system load factor.

IC-310 NLH Please provide a copy of the 2004 COS showing the results if the "unadjusted" system load factor (excluding the NP Generation Credit) were used (retaining the NP generation credit approach for calculating the CP allocators).

IC-311 NLH Please provide a copy of the cost-of-service (RDG-1) reflecting no Newfoundland Power generation at all (i.e. the generation was not on-line and no credit was provided).

IC-312 NLH Please provide a copy of the cost-of-service (RDG-1) reflecting no Newfoundland Power gas turbine generation on the Burin peninsula (i.e. the generation was not on-line and no credit was provided).

IC-313 NLH Does Hydro have a contract or agreement in place with NP to govern the operation or credits related to NP's generation. If so, please provide a copy.

IC-314 NLH If an Industrial Customer installs backup diesel generation in 2003 that is available for dispatch by Hydro on the same basis as NP's generation, would the cost of service for industrial customers reflect a "generation credit" equal to the capacity of this generation? If not, why not?

General questions

IC-315 NLH Provide an Excel spreadsheet for the 2004 cost of service.

IC-316 NLH Production Evidence page 21, line29-30. says that “Hydro has committed not to exceed 25,000 tonnes of sulphur dioxide emissions a year ….”

(a) Is this a regulatory requirement?

(b) If not, who made this commitment and why?

(c) Is this commitment reflected in the 2004 COS? What is the dollar amount associated with meeting that standard?

IC-317 NLH Production evidence: Haynes Schedule 1: Why does the monthly conversion rate vary so much at one particular load? For example, at a load in the range of approximately 70 - 75 mw, individual conversion rates varied from 565 to 650 kwh / bbl.

IC-318 NLH Re: Wells, page 3: Please explain the phrase “for rate setting purposes” at the bottom of the page. Is Granite Canal treated differently in 2004 for other accounting or regulatory purposes?

IC-319 NLH Re: Wells page 7: Please define in detail what is meant by the term “costs over which it has control”. Please indicate all categories of costs included in this description and all categories of costs excluded.

Dated at St. John’s, this 25th day of July, 2003.

STEWART MCKELVEY STIRLING SCALES **POOLE ALTHOUSE**

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