

1    Q.    In light of the recent substantial appreciation of the Canadian dollar, if the  
2           US-Canada exchange rate remains in the US\$0.71 to US0.74 range, identify  
3           and elaborate on the implications for NLH anticipated costs, financial position  
4           and revenue requirement.

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7    A.    The primary impact of fluctuations in the US - Canada exchange rate for NLH  
8           relate to the price of No. 6 fuel. The fuel costs, which form part of the  
9           revenue requirement in the current application, are based on an exchange  
10          rate of US\$0.66. If exchange rates are forecast to remain at current levels  
11          for the test year, and all other factors influencing the price of fuel do not  
12          change, the cost of fuel in the revenue requirement would be less.