

Q. (a) Has Hydro approached the Industrial Customers with regard to additional rate options such as time-of-use/seasonal rates, more flexible and tailored interruptible tariffs, real-time pricing etc?

(b) Have the Industrial Customers approached Hydro staff concerning a need for more innovative rate options?

A. (a) No.

(b) Abitibi - Stephenville has approached Hydro regarding the renewal of the Interruptible 'B' contract. This contract ended on March 31, 2003 and Abitibi - Stephenville was willing to renew this contract for another 10 years with the same conditions or with mutually agreeable modified conditions. Hydro refused to renew the Interruptible 'B' stating that they did not require this peaking capacity due to the new generation sources coming on line in 2003.

Industrial Customers have raised the issue of innovative rate options in the context of contract discussions prior to the time of the last General Rate Hearing and from time to time in informal discussions. Hydro's position has always been that no significant amount of industrial load could be shifted from peak to off peak and ultimately fuel would have to be burned at Holyrood to meet requirements at whatever time of the day or year was necessary with no associated savings resulting.

Industrial Customers have participated recently in a task force including Hydro and the Department of Mines and Energy for the purpose of seeking out innovative ways to deal with the huge electricity cost

increases being faced by the Industrial Customers. This process is at a very preliminary stage.