

1     Q.     In CA-51 it indicates that there were no fuel purchases in June or July. Why  
2             were no purchases made at a time when oil prices had dropped below \$ 30  
3             per barrel?  
4

5  
6     A.     Hydro purchases fuel based on production requirements. It does not  
7             normally speculate on prices and initiate purchases based on anticipated  
8             price reductions. Please refer to the discussion on fuel price hedging in  
9             Exhibit JRH-1. Also please note that the monthly average fuel price in June  
10            2003 was \$30.08 and in July 2003 was \$35.97 per barrel.