

1 Q. NLH has indicated that it will have three new sources of supply: Granite
2 Canal and power purchased from Corner Brook Pulp and Paper and from the
3 Exploits River Hydro Partnership. Since these new supplies will also
4 generate new revenues to NLH through more sales, why is NLH requesting a
5 rate increase to cover their cost?

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8 A. The Granite Canal hydroelectric project and the purchased power
9 arrangements with Corner Brook Pulp and Paper and the Exploits River
10 Hydro Partnership are required to meet the forecast load requirements of the
11 Island Interconnected System.

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13 Hydro's current rates, when applied to forecast load, do not recover the
14 projected revenue requirement that includes the new sources of supply
15 requiring Hydro to request a rate increase.