

1 Q. Describe the decision-making process that led to the decisions to proceed
2 with each of the three new sources of supply.

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5 A. In 1999, Hydro completed analysis to address projected generation
6 requirements in the 2002 timeframe. That analysis identified Granite Canal
7 as the most cost effective option for Island generation expansion with a
8 recommended in-service date of fall 2002. The analysis also identified
9 requirements beyond Granite Canal for the 2003/2004 timeframe. The
10 results of this analysis was presented to Government and are documented in
11 the report "Generation Expansion Study of Near Term Options for Meeting
12 Newfoundland's Load Growth", November 1999 (refer to the response to CA-
13 36 NLH for a copy of this report).

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15 In 2000, Government directed Hydro to proceed with the development of the
16 Granite Canal Hydroelectric Project.

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18 Also during 2000, Government directed Hydro to initiate discussions on
19 terms and conditions for purchased power arrangements with Abitibi
20 Consolidated Company of Canada (ACCC) and with Corner Brook Pulp and
21 Paper (CBP&P). Having been informed of the terms and conditions for the
22 purchase of power and energy from ACCC and CBP&P, Government
23 directed Hydro to conclude power purchase agreements.