

1 Q. On page 21, lines 29 to 30 of Mr. Haynes' Pre-filed Evidence, he indicates
2 that NLH has committed not to exceed 25,000 tonnes of sulphur dioxide
3 emissions in an average hydro production year. On what basis has this
4 commitment been made, and to whom? What is this commitment costing the
5 electricity consumers of Newfoundland and Labrador?

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8 A. Please see the attached letter.

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10 The commitment is achieved, under average water conditions, by purchasing
11 2.2% sulphur fuel. Prior to this commitment, Hydro used 2.8% No. 6 fuel.
12 There is an approximate \$0.75/bbl. premium for 2.2% fuel over 2.8% fuel. In
13 2004 this results in the No. 6 fuel forecast cost being approximately \$2.2
14 million higher than if 2.8% fuel was used.



File No. 702-10700

CA-49 NLH
Attachment

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland A1A 2X8 • Telephone (709) 737-1400 • Telex 016-4503 • Fax (709) 737-1231

July 6, 1988

Mr. Gilbert Pike,
Deputy Minister,
Department of Environment and Lands,
Confederation Building,
P. O. Box 4750,
St. John's, Newfoundland,
A1C 5T7

Dear Mr. Pike:

This will acknowledge your letter of March 10, 1988 concerning the level of acid rain emissions from our Holyrood Thermal Plant. This matter has been considered in detail by Hydro and I am pleased to advise that our objective will be to meet the 25,000 tonne per year maximum commencing in 1991, as requested.

Our intention is to meet this guideline by lowering the sulphur content in future tenders for Bunker "C" such that, in an average water year, emissions will be within the limits. You will appreciate that we will only be able to alter the sulphur content at each tender call and so once a contract is awarded we will all have to live with the results. Our practice is to tender for a 2-3 year supply and this practice will likely continue.

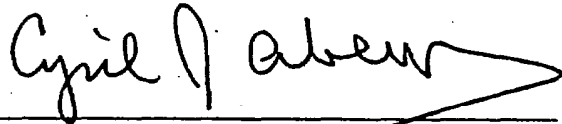
You should also note that we cannot predict the exact level of production at Holyrood in advance as it depends on rainfall, temperatures and a variety of other factors influencing consumer demand for electricity. It may be, therefore, that in any one year we may be above or below the guideline because of these

- 2 -

factors. However, as noted, our objective will be to manage our affairs such that given average conditions the guidelines are met.

I trust this meets the requirements indicated by you in your letter. If you have any questions on this, please feel free to contact me.

Yours truly,



Cyril J. Abery
Chairman and Chief Executive
Officer

CJA/cw

c.c. Mr. D. W. Mercer
Mr. L. J. Cole
Mr. T. D. Collett
Mr. D. W. Osmond