

1    Q.    On page 3, lines 12 to 15 of Mr. Banfield's Pre-filed testimony, he indicates  
2           that the rate for firming up secondary energy purchased from CBPP and  
3           resold to Newfoundland power as firm energy is proposed to be decreased  
4           by 18.6% from the current rate. What factors lead NLH to propose an 18.6%  
5           decrease in this rate?

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8    A.    The decrease in the firming up charge is due to a number of factors, namely,  
9           increased transmission capacity (derived from generation capacity) and a  
10          decrease in gas turbine operating and maintenance costs, partially offset by  
11          a decrease in Newfoundland Power's load factor.

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13          Please note that secondary energy is no longer forecasted, and revenues  
14          from energy sales on an actual basis are refunded through the RSP, without  
15          any bottom line impact to Hydro.