

1 **Q. Please provide the costs to NP in 2003 and 2004, broken out by O&M, return on**
2 **rate base and depreciation, for its peaking generation. Please confirm that all fixed**
3 **O&M, depreciation, and return on rate base is recovered in the rates charged to**
4 **NP's customers. Please confirm that all fuel and variable O&M is recovered from**
5 **Hydro when NP is requested to operate the units.**

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7 A. Newfoundland Power does not have 2003 or 2004 forecast data available for fixed O&M,
8 return on rate base and depreciation for peaking generation. Below is an estimate of
9 these costs for 2001 based on Newfoundland Power's most recent cost of service study,
10 which was filed with the Board in conjunction with the Company's 2003 General Rate
11 Application. These costs include all overheads and general plant allocations.

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13	O&M	\$663,000
14	Depreciation	\$300,000
15	Return on rate base	\$728,000
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17 All fixed O&M, depreciation and return on rate base for peaking generation is recovered
18 in the rates charged to Newfoundland Power's customers.

19
20 The variable O&M (i.e., fuel and additives) for peaking generation is recovered from
21 Hydro when Newfoundland Power is requested to operate the units. The energy
22 generated by the units at the request of Hydro is subsequently charged back to
23 Newfoundland Power at the approved purchased power rate (i.e., currently 47.89 mills).