

1 Q. How much has the fuel cost been reduced in the 2004 cost of service to
2 reflect the reduction in fuel volume due to the excess generation? What
3 other variable costs have been reduced as a result of this excess capacity?

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6 A. In 2004 the new generation sources are forecast to produce 461.2 GWh. If
7 this energy is produced at Holyrood there would be an approximately
8 740,000 barrel increase in No. 6 fuel consumption at Holyrood. Using the
9 average cost of production of \$29.42 per barrel from Schedule VII of the
10 Production Evidence gives an estimated savings of \$21.8 million in fuel
11 expenses in 2004.

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13 There are additional direct savings in some variable costs at the Holyrood
14 plant related to fuel additives, fuel handling and maintenance. These are
15 estimated to be approximately \$160,000.