

1    Q.    If an Industrial Customer installs backup diesel generation in 2003 that is  
2           available for dispatch by Hydro on the same basis as NP's generation, would  
3           the cost of service for industrial customers reflect a "generation credit" equal  
4           to the capacity of this generation? If not, why not?

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7    A.    Hydro does not presently require any additional capacity. Treating the diesel  
8           in the manner suggested would be inconsistent with the current costing  
9           treatment in place for the Industrial customers who have their own generation  
10          and as well the current form of the Power on Order contracts. Industrial  
11          Customers with their own generation receive the benefit of their generation  
12          capacity through establishing and controlling their Power on Order. NP  
13          receives the benefit of their generation capacity through a generation  
14          demand credit.