

1 Q. Indicate projected exchange rates used by Hydro to convert No. 6 fuel costs
2 in Canadian dollars in each of the years 2004 - 2011, inclusive together with
3 a copy of the relevant forecast sources used.

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6 A. The table below indicates the projected exchange rates used by Hydro to
7 convert No. 6 fuel costs to Canadian dollars for the years 2004-2010.

8 Exchange rate forecasts prepared by major Canadian banking institutions
9 form the basis of the medium term exchange rate forecast used by Hydro. An
10 exchange rate forecast made available to Hydro from the Provincial
11 Government forms the basis of the long-term exchange rate forecast. Please
12 see attached tables provided by Hydro's forecast sources.

Exchange Rate for No. 6 Fuel (\$US/\$Cdn)	
2004	0.659
2005	0.659
2006	0.659
2007	0.659
2008	0.66
2009	0.67
2010	0.68

Exchange Rate (\$US/\$Cdn)

Table 1 - Forecast Source for Medium-term Exchange Rate

<u>Institution</u>	<u>Forecast Date</u>	<u>Q1 2003</u>	<u>Q2 2003</u>	<u>Q3 2003</u>	<u>Q4 2003</u>	<u>Q1 2004</u>	<u>Q2 2004</u>	<u>Q3 2004</u>	<u>Q4 2004</u>
Bank of Montreal	2003-01-10	0.643	0.648	0.655	0.663	0.659	0.662	0.651	0.642
Bank of Nova Scotia	2002-12-15	0.629	0.637	0.641	0.645	0.649	0.654	0.654	0.658
TD Bank	2002-12-19	0.650	0.665	0.668	0.670	0.670	0.675	0.675	0.680
Canadian Imperial Bank of Commerce	2003-01-07	0.645	0.662	0.676	0.700	N/A	N/A	N/A	N/A
Royal Bank of Canada	2003-01-07	0.658	0.667	0.676	0.685	N/A	N/A	N/A	N/A

Table 2 - Forecast Source for Long-term Exchange Rate

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Dept. of Finance, Government of Newfoundland & Labrador	0.66	0.67	0.68

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