Q. Provide the question and Hydro's answer to IC 203 in the 2001 General Rate Referral.

A. Please find attached the response to IC-203 from the 2001 General Rate Application. However, the Interconnection Studies referred to in response to question 5 of IC-203 are not relevant to this hearing and have not been filed.

The reports attached to the response to question 6 of IC-203 have not been filed in response to this question. The prudence of costs associated with the St. Anthony/Roddickton interconnection was dealt with at Hydro's 2001 General Rate Application as directed in 1995. In Board Order P.U. 7(2002-2003) the Board gave direction on the assignment of these costs for the 2002 rates and directed Hydro to complete further analysis concerning the proper cost of service assignment of the Great Northern Peninsula transmission and generation assets. The question of prudence is therefore not material or relevant to this hearing.

Q. **Impacts re: Interconnections of Isolated Rural Systems to Island Interconnected System**

1. Provide a table indicating for each year from 1992 to 2002 inclusive the following information related to interconnections of Isolated Rural Systems to the Island Interconnected System that has been undertaken during this period (based on H.G Budgell, pages 13 and 14, these include the interconnection of the Petite Forte community in 1993, St. Anthony-Roddickton System in 1996, the community of Westport in 1996, the community of South East Bight in 1998, and the community of LaPoile in 1999):

   (a) Indicate for each year the operating load (actual or forecast) applicable if the community or system is on the Isolated Rural System (for years after interconnection, this load is to be estimated); indicate sales separate from distribution losses.

   (b) Based on (a), indicate for each year the net reduction in Isolated Rural System load due to interconnections to date.

   (c) Based on (a) and (b), estimate for each year the change in Isolated Diesel System revenue requirement costs of service and contribution to the Rural Deficit due to interconnections to date.

   (d) For each year starting with interconnection, indicate the new operating load contributed to the Island Interconnected System by these each interconnection (indicate sales separately for Hydro Rural Interconnected and NP, and also indicate transmission losses separately).

(e) Based on (d), indicate for each year the net increase in Island Interconnected System load due to interconnections to date.

(f) Based on (d) and (e), estimate for each year the change in Island Interconnected System revenue requirement costs of service and contribution to the Rural Deficit due to interconnections to date.

(g) Based on (c) and (f) above, indicate for each year the net change in the Rural Deficit for that year, and (separately) any net change in the RSP for that year, due to interconnections to date.

2. Based on the information developed in response to (1) above, compare COSS estimates (including Rural Deficit) as presented in Schedule 1.2 of Exhibit JAB-1, page 3 of 94 for the 2002 test year with estimated COSS (and Rural Deficit) that would apply if none of the interconnections set out in (1) above had taken place to date. Provide all supporting schedules for the new COSS estimate.

3. Provide a COSS analysis for the Island Interconnected System for test year 2002 assuming that the Great Northern Peninsula system 138 kV and 66 kV transmission lines and associated terminal station equipment connecting the Hawkes Bay Diesel Plant, St. Anthony Diesel Plant and Roddickton generation plant to the main gird are assigned to Hydro Rural Sub-transmission rather than to Common.

4. Adjust the COSS in (3) above to assume that the generation assets in the Great Northern Peninsula system are also assigned to the rural system.

5. Provide a copy of all studies conducted by Hydro evaluating the cost effectiveness of each of the interconnections in (1) above, either before or after each interconnection.

6. In 1995, the Board recommended "that the prudence of costs associated with the St. Anthony/Roddickton interconnection be reviewed at the next Hydro rate referral, following the interconnection, for the purpose of determining recoverable costs." Provide all evidence available to Hydro as to why this interconnection was undertaken, and that the costs were prudently incurred and in the best interest of customers on the Island Interconnected System.

A. 1. (a) See IC 203A on attached table.

(b) See IC 203B on attached table.

(c) Subsequent to interconnection, costs on a hypothetical non-interconnected or isolated basis are no longer tracked, as they no longer reflect the operations nor financial situation of the company. It would not be possible to complete the requested information, as significant material data is unavailable. Moreover, the information requested is unnecessary for a satisfactory understanding of the matters regarding Hydro's application before the Board.

(d) See IC 203D on attached table.

(e) See IC 203E on attached table

(f) Please refer to the response to 1(c) above.

(g) Please refer to the response to 1(c) above.

2. Please refer to the response IC-203 1(c) above.

3. Please refer to the response to IC-180.

4. Please refer to the response to IC-87.

5. See attached Interconnection Studies as requested.

6. See attached reports.

Referenced Table for Responses to IC 203 A,B,D,&E

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Forecast
IC 203A	System & Interconnection Year	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh	Year (Diesel)
	Petite Forte 1993	352	382	394	405	416	428	439	451	463	475	487	1991
	St. Anthony Roddickton 1996	40411	40123	39819	39667	41417	41820	42224	42599	42974	43368	43762	1994
	Westport 1996	1294	1329	1318	1314	1326	1336	1343	1350	1354	1358	1362	1996
	South East Bight 1998	345	363	376	394	412	437	430	437	443	450	457	1996
	LaPoile 1999	452	435	446	452	472	529	528	525	521	517	509	1998
	Total Sales	42854	42632	42353	42232	44043	44550	44964	45362	45755	46168	46577	
	Distribution Losses	4607	5189	4601	4217	4771	4760	4837	4918	4961	5097	5141	
	Total Load	47461	47821	46954	46449	48814	49310	49801	50280	50716	51265	51718	
IC 203B	**Net Reduction in load**		407	420	431	47873	48344	49273	50280	50716	51265	51718	

		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
IC 203D	System & Interconnection Year	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh
	Petite Forte 1993	128	436	456	458	452	455	460	462	479	479
	St. Anthony Roddickton 1996				14451	42870	45203	46997	50478	51452	51983
	Westport 1996				264	1404	1417	1453	1494	1532	1548
	South East Bight 1998 1						358	518	527	535	540
	LaPoile 1999 2							533	567	667	680
	Additional Sales	128	436	456	15173	44726	47433	49961	53528	54665	55230
	Distribution Losses	21	38	36	950	3226	2707	3451	2829	3486	3527
	Additional Load	149	474	492	16123	47952	50140	53412	56357	58151	58757
	Transmission Losses 3	6	20	18	571	1688	2002	2104	2074	2122	2258
IC 203E	**Additional Load on Island Interconnected System**	155	494	510	16694	49640	52142	55516	58431	60273	61015

1. South East Bight is metered with Monkstown. Distribution losses are estimated
2. LaPoile is metered with Grand Bruit & Hope Brook. Distribution losses are estimated
3. Transmission losses are based on historic average transmission loss percentages.