Re: Page 69, lines 14-15

Q. C.F. Osler and P. Bowman state that, "there can be substantial required investment in capital, development of operating procedures, and staff training" by the industrial customer to avail of Interruptible 'B' power. What costs did ACCC Stephenville incur to provide the service and were they compensated for those costs under the expired Interruptible 'B' contract?

A. ACCC Stephenville has not tracked the costs associated with the Interruptible B Contract. Such costs were incurred over a eleven-year period from 1991 to 2002. Records are not kept of expenditures of this nature beyond seven years.

The costs would have included:

Out of pocket expense:

Trips to St John's negotiating contract
Trips to Corner Brook, Deer Lake & Grand Falls to discuss with other industrial customers
Legal fees for letter of intent and contract
Consultant fees to gather interruptible rates in other North American jurisdictions
Early purchase of new power demand controller
Phone, fax, etc.

Revenue losses:

Direct loss of production on one occasion
Contributed to a production loss on another occasion

In-house time :

Meetings to decide to proceed with interruptible contract and risk assessment

Engineering study for additional pulp storage capacity

Computer modeling of operating circumstances using rates from other jurisdictions.

Negotiating the contract

Developing new operating procedures and training

Developing contingency plans for possible shortage of pulp

There was no specific provision in the Interruptible B Contract for payment of expenses of ACCC Stephenville. Management's overall assessment at the time of entering in to the contract was that the compensation was adequate for the costs incurred and the risks assumed by ACCC Stephenville under the contract.