

Perry and Henderson

(Re: Pages 9-11)

Q. What is the potential additional NP power purchase cost as a result of spillage of this additional storage? Please provide the answer before and after RSP effects expressed in absolute dollar terms and in \$/kWh.

A. Increased kWh production at Newfoundland Power's hydraulic generating plants during the winter period due to increasing storage levels at the start of the winter period would result in less kWh production at Newfoundland Power's hydraulic generating plants during the non-winter period. Under the Sample Rate, this would increase purchased power costs during the non-winter period by 3.44¢/kWh. If the theoretical maximum additional shortage (40 GWh)¹ was shifted, purchased power costs during the non-winter period would increase by \$1,376,000. If the additional storage at the start of the winter period was then spilled, the cost of purchased power for the winter period would not be affected. Therefore, the overall increase in the cost of purchased power for the 12-month period would equal \$1,376,000.

As explained in the Company's response to Request for Information NLH-64 NP, the effect of the RSP adjustments are passed on to customers through the RSA and do not affect Newfoundland Power's purchased power expense.

¹ As indicated in the Company's response to Request for Information NLH-54 NP.