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2 **Q. What would be the 2004 revenue requirement impact of using the forecast No 6 fuel**
3 **conversion factor for Holyrood referred to in Requests for Information NP-274**
4 **NLH [sic NP-267 NLH] and NP-275 NLH [sic NP-268 NLH]?**

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6 A. Pages 31 to the top of page 33 of our report relating to Newfoundland and Labrador
7 Hydro's 2003 General Rate Application makes reference to No.6 fuel conversion factors
8 for various time periods. The time period reference indicated in lines 1-2 on page 33
9 should refer to actual results from January 2003 to June 2003, not the period January
10 1996 to June 2003. The calculated conversion factors for the various time periods and
11 the impacts estimated as a result of specific projects that have been referenced in our
12 report are as follow:
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	Conversion Factor
January 1996 to December 2002	624 kWh/bbl
January 2003 to June 2003 (actuals)	639 kWh/bbl
January 2003 to June 2003 (actuals) and assuming 624 kWh/bbl for July 2003 to December 2003.	633 kWh/bbl
January 1996 to June 2003 (actuals) and assuming 624 kWh/bbl for July 2003 to December 2003.	625 kWh/bbl
Estimated improvement due to impact of the water lance installation	2 kWh/bbl
Estimated increase in efficiency due to impact of the Continuous Emissions Monitoring System	3kWh/ bbl

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15 Using a No.6 fuel conversion factor of 636 kWh/bbl as referenced in NP-267 NLH, the
16 impact on 2004 forecast on fuel expense and revenue requirement (excluding any
17 secondary impact on expenses such as interest) would be as follows:

Forecast thermal production for 2004 test year (A)	1,790,150,000 kWh
Conversion factor noted above (B)	636 kWh/bbl
Number of barrels of fuel required (A/B)	2,814,701
Current forecast number of barrels for 2004	<u>2,868,830</u>
Decrease in number of barrels required (C)	54,129
Consumption price per barrel for forecast 2004 (D)	<u>\$ 29.42</u>
Decrease in forecast 2004 fuel expense (C*D)	<u><u>\$ 1,592,475</u></u>

By adjusting the 636 KWh/bbl conversion factor referred to in NP-267 NLH further to reflect the 2 kWh/bbl efficiency improvement estimated with respect to the water lance installation (NP-268 NLH), the impact on 2004 forecast fuel expense and revenue requirement would be as follows:

Forecast thermal production for 2004 test year (A)	1,790,150,000 kWh
Conversion factor noted above (636+2) (B)	638 kWh/bbl
Number of barrels of fuel required (A/B)	2,805,878
Current forecast number of barrels for 2004	2,868,830
Decrease in number of barrels required (C)	62,952
Consumption price per barrel for forecast 2004 (D)	<u>\$ 29.42</u>
Decrease in forecast 2004 revenue requirement (C*D)	<u><u>\$ 1,852,048</u></u>