

1 Q. Please provide a copy of the most recent contract for the supply of capacity
2 and energy to Newfoundland Power.

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5 A. The most recent contract between NP and Hydro signed in 1975, expired in
6 1990. Please see the attached.

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8 Hydro has held some preliminary discussions with NP regarding a new
9 agreement and these are expected to continue.

THIS AGREEMENT made at St. John's in the Province of Newfoundland
this 15 day of January, Anno Domini, One Thousand Nine
Hundred and seventy-five

BETWEEN

NEWFOUNDLAND AND LABRADOR POWER

CORPORATION, hereinafter called the
"Corporation"

of the first part

AND

NEWFOUNDLAND LIGHT & POWER CO. LIMITED,

a company duly incorporated under the
laws of the Province of Newfoundland,
having its head office at Kenmount Road,
St. John's aforesaid, hereinafter called
the "Customer".

of the other part

WHEREAS the Customer purchases power from the Corporation under
contract which expires on June 30, 1977 and sells power to the
public at retail;

AND WHEREAS the Customer's purchased power requirements have
increased to a greater extent than contemplated by the aforesaid
agreement;

AND WHEREAS the Customer wishes to purchase power after June 30,
1977;

AND WHEREAS the Corporation desires to supply the power and
energy the Customer requires;

AND WHEREAS the cost to construct and operate facilities to
supply power and energy has increased substantially;

AND WHEREAS it is desired by the parties hereto to abrogate the
aforesaid agreement and to substitute therefor the terms and
conditions hereafter appearing;

NOW THEREFORE THE AGREEMENT WITNESSETH THAT for the

considerations herein contained, the parties hereto covenant and agree as follows:

1. DEFINITIONS

As such terms are used herein;

"Board" means the Board of Commissioners of Public Utilities;

"Effective date" means the date on which the Customer's revised rates to its customers after adjustment by the Board to include the additional cost of power resulting from the change from the price stipulated in the Agreement between the parties dated July 1, 1967, as amended, to the price stipulated herein, become effective;

"Energy" means the amount of electric energy taken during a given period of time and measured in kilowatthours;

"Maximum demand" means the greatest amount of power averaged over a period of one (1) hour as measured by an approved type of demand meter;

"Power" means the amount of electric power taken at any time and measured in kilowatts.

2. AMOUNT OF POWER AND ENERGY

Subject to the other provisions hereof, the Customer agrees to purchase from the Corporation all its power and energy requirements in excess of the power and energy produced by its own generating facilities and purchased from others under contracts as may be approved from time to time by the Board.

2. AMOUNT OF POWER AND ENERGY (CONT'D)

The Corporation agrees to supply such requirements and all future additional power and energy requirements of the Customer throughout the term of this Agreement and upon such terms and conditions as may be mutually agreed upon, throughout any and all renewals thereof, providing all requests for such additional power and energy are given with adequate notice, in order that the Corporation may make suitable extensions to its generating plants and transmission system to meet the increased requirements and provided further that the Corporation shall not be obliged to supply additional power and energy requirements to the extent that such requirements exceed twenty thousand (20,000) kilowatts for any one customer of the Customer except by mutual agreement between the parties hereto.

The Customer may install or acquire additional generating facilities provided that such installation or acquisition is agreed to by the Corporation and approved by the Board.

3. PRICE OF POWER AND ENERGY

The price to be paid each month for the right to use and for the use of the Corporation's power and energy supplied hereunder and for the power and energy provided from the Customer's thermal plants pursuant to Article four (4) hereof, shall be comprised of an energy charge and a fuel adjustment charge, which price shall take effect from the effective date of this Agreement and be computed as follows;

Energy Charge

The energy charge shall be at the rate of 9.7 mills per kilowatthour.

3. PRICE OF POWER AND ENERGY (CONT'D)

Fuel Adjustment Charge

The fuel adjustment charge is intended to compensate the Corporation and the Customer for rising fuel costs, using \$7.50 per barrel for Bunker "C" fuel as a base price, and in each month shall be calculated in accordance with the following formula;

$$(A - B) \times \frac{C}{D}$$

Where;

A equals the cost of all fuel and additives used during the month in the Corporation's generating plants while such plants are supplying the Customer, together with the amount, for the month, due by the Corporation to the Customer by virtue of Article four (4) hereof, and

B equals A multiplied by \$7.50 and divided by the actual average price per barrel of Bunker "C" fuel used in the Corporation's generating plants during the month, and

C equals the kilowatthours sold by the Corporation to the Customer during the month, and

D equals the total kilowatthours sold by the Corporation during the month.

The fuel adjustment charge shall under no circumstances reduce the energy charge as stipulated above.

3. PRICE OF POWER AND ENERGY (CONT'D)

Either party may at any time and from time to time request a change in the price of power and energy upon giving not less than three (3) months notice to the other provided that;

- (i) Any such price including the initial price herein shall remain in effect for not less than 12 months, and
- (ii) Any proposed change in price shall become effective only after the Board has ruled that the additional cost of power resulting from such change will be allowed by the Board as reasonable and prudent and properly chargeable by the Customer to its operating account, and
- (iii) The Customer's rates to its customers have been adjusted, as deemed necessary, by the Board to include such additional cost of power.

It is understood and agreed that if a new industry or other user requires power and energy which is anticipated to be supplied at a high load factor, the Customer may apply to the Corporation for a rate which will be more attractive for such power and energy and notwithstanding the price hereinbefore set forth and to which the parties are contractually bound, the Corporation may in its sole discretion, charge a different rate for such power and energy.

4. OPERATION OF CUSTOMER'S GENERATING FACILITIES

If, in order to achieve maximum economy of total system operation, the Customer is requested by the Corporation to operate its thermal plants, the Customer agrees to do so and in every such instance the Corporation shall pay to the Customer the cost of the fuel and additives used in such generation and the energy produced by such generation shall be added to the Corporation's sales of energy to the Customer for the period during which such generation takes place. The Customer shall advise the Corporation each month the cost of the fuel and additives used in such generation and the amount of energy produced by such generation.

5. DETERMINATION OF MONTHLY BILL

The Customer shall pay to the Corporation for the power and energy supplied hereunder during the term of this Agreement and for the right to use and for the use of the Corporation's power service, an amount each calendar month calculated as follows:-

the greater of the following expressed in dollars:-

- a) The amount as determined by applying the appropriate prices set forth in Article three (3) hereof;

OR

- b) The minimum monthly payment as set forth in Article six (6) hereof.

The amount of the fuel adjustment charge for each month shall be billed to the Customer at the same time as the power and energy to which it is related is billed to the Customer and shall be made known to the Customer by the close of business on the second working day of the month

5. DETERMINATION OF MONTHLY BILL (CONT'D)

next succeeding the month to which it applies. The Customer shall supply to the Corporation by the close of business on the first working day of each month, the information respecting cost and energy as required under Article four (4) hereof as such information relates to the month which shall have just ended. If the Corporation fails to so notify the Customer of the fuel adjustment charge and such failure has not been caused by the failure of the Customer to provide the information required under Article four (4) within the time abovementioned then in such event the fuel adjustment charge shall be billed to the Customer at the same time as the power and energy for the month next succeeding the month to which the fuel adjustment charge relates, is billed to the Customer.

6. MINIMUM MONTHLY PAYMENT

The minimum monthly payment shall be six hundred thousand dollars (\$600,000) during each and every month of the term of this Agreement.

This payment is made for the right to use the Corporation's power and energy and the Customer agrees to make this payment whether it uses such power and energy or not; provided that the provisions of Article nineteen (19) hereof shall apply when the Corporation is unable to supply power and energy under the terms of this Agreement.

If such minimum monthly payment exceeds the amount which would otherwise be payable for power and energy in any month as specified in Article three (3) hereof, then in subsequent months the Customer shall continue to pay to the Corporation only the minimum monthly payment until the total of the monthly amounts calculated in accordance with Article three (3) hereof for power and energy

6. MINIMUM MONTHLY PAYMENT (CONT'D)

supplied to the Customer becomes equal to the total of the payments made by the Customer to the Corporation.

7. CHARACTERISTICS OF SERVICE

The power and energy to be supplied hereunder shall be delivered to the Customer as three (3) phase alternating current having a normal frequency of sixty (60) hertz and at voltages specified in Article eight (8) hereof.

The Corporation shall exercise its best endeavours to limit variation from the normal frequency and voltage to tolerable values.

8. POINTS OF DELIVERY

Delivery of the power and energy herein contracted for shall be made by the Corporation to the Customer at such points on the transmission system of the Corporation as may be agreed upon in writing from time to time by the Corporation and the Customer in accordance with Article twenty-five (25) hereof. At the date hereof it is agreed that such points shall be as follows:

- (a) The Corporation's sixty-six (66) kilovolt bus at its Oxen Pond Terminal near St. John's.
- (b) The Corporation's one hundred and thirty-eight (138) kilovolt bus at its Sunnyside Terminal, Trinity Bay.
- (c) The Customer's one hundred and thirty-eight (138) kilovolt bus at its Linton Lake Terminal, Burin Peninsula.
- (d) The Corporation's sixty-six (66) kilovolt bus at its Bottom Brook Terminal near St. Georges.

8. POINTS OF DELIVERY (CONT'D)

- (c) The Corporation's sixty-six (66) and one hundred and thirty-eight (138) kilovolt buses at its Western Avalon Terminal near Chapel Arm.
- (f) The Corporation's one hundred and thirty-eight (138) kilovolt bus at its Stoney Brook Terminal near Grand Falls.
- (g) The Customer's sixty-six (66) kilovolt bus at its Port-aux-Basques Terminal in Port-aux-Basques.
- (h) The Corporation's sixty-six (66) kilovolt bus at its Doyles Terminal in the Codroy Valley.
- (i) The Customer's one hundred and thirty-eight (138) kilovolt bus at its Bay L'Argent Terminal near Boat Harbour on the Burin Peninsula.
- (j) The Corporation's sixty-six (66) and one hundred and thirty-eight (138) kilovolt buses at its Holyrood Generating Station.
- (k) The Corporation's sixty-six (66) kilovolt bus at its Hardwoods Terminal in Paradise near St. John's.
- (l) The Corporation's sixty-six (66) kilovolt bus at its Gas Turbine Terminal near Stephenville.

9. TERM

The term of this Agreement shall be from the effective date to June 30th, 1990, subject to the other provisions hereof.

10. RIGHT-OF-WAY

The Customer hereby grants to the Corporation without compensation therefor the right to construct transmission lines and accessory apparatus on locations approved by the Customer, which approval shall not be unreasonably withheld, on, under or over the premises of the Customer for the purpose of serving the Customer and other customers of the Corporation with the right of access thereto at all times for the construction, maintenance or removal of such lines and apparatus.

The Customer shall not erect any building structure or object on or over said right-of-way without the written approval of the Corporation, but apart from this limitation the Customer shall be entitled to make fair and reasonable use of all lands covered by the said right-of-way.

Any changes which the Customer may request the Corporation to make in the location of such lines and apparatus shall be made by the Corporation at the expense of the Customer to the extent that such lines and apparatus supply power to the Customer.

11. INSTALLATION AND OPERATION OF APPARATUS

For the purpose of supply by the Corporation and purchase by the Customer of the Corporation's power and energy the Corporation and the Customer shall install properly designed and suitable apparatus in accordance with good engineering practice, and shall at all times operate and maintain such apparatus so as to avoid causing any undue disturbance on the system of either party, and so that the current shall be approximately equal on all three phases. If, at any time, the imbalance in current between any two phases and/or any undue disturbance is, in the judgment of either party, excessive to such a degree that

11. INSTALLATION AND OPERATION OF APPARATUS (CONT'D)

the power supply system of either party and/or the electrical equipment of any other customer of either party is adversely affected, then it shall be the responsibility of the party causing such condition to take such remedial measures as may be necessary to correct such condition to a tolerable value.

The Customer shall not proceed with the construction of or major alterations to its equipment or structures associated with the terminal substation(s) at which power and energy is being delivered hereunder until the Corporation is satisfied that the proposals for such construction or alteration are in accordance with good engineering practice and comply with the law and regulations of Newfoundland, provided that such examinations of the Customer's proposals shall in no way render the Corporation responsible for such construction or alterations, even if electrical connection is made, and whether or not any changes suggested by the Corporation have been made by the Customer.

If, at any time during the continuance of this Agreement, the Corporation desires to improve the continuity of power service to any of its customers, the Corporation and the Customer shall co-operate and use their best endeavours to carry out such improvements either by changes to existing equipment or additions to the original installations of either the Corporation or the Customer.

12. POWER FACTOR

The Customer agrees to take and use the power herein contracted for at a power factor of not less than ninety percent (90%) lagging during periods of peak load at each point of delivery specified in this Agreement.

12. POWER FACTOR (CONT'D)

Should the power factor be consistently less than ninety percent (90%) lagging, the Customer, upon written notification from the Corporation, agrees to take action within a reasonable period of time to bring the power factor to a minimum of ninety percent (90%) lagging during periods of peak load. If the Customer should install static condensers or synchronous equipment in installations of five (5) megavars or more, to correct such lagging power factor, such equipment shall be installed so that it can be completely and promptly disconnected at the request of the Corporation.

13. METERING

The metering equipment and meters to register the amount of power and energy to be taken by the Customer hereunder shall be furnished by the Corporation and if required to be located on the Customer's premises, shall be installed in a suitable place provided by the Customer in such a manner as to register accurately the total amount of power and energy taken by the Customer hereunder. The Customer shall have the right, at its own expense, to install, equip and maintain check meters adjacent to the Corporation's meters.

Should the metering equipment be installed on the low voltage side of the Customer's transformers, the readings of the meters shall be increased by the addition of such percentage of such readings as is appropriate to compensate for the losses in transmission and transformation between the point of delivery and the point of measurement.

Authorized employees of the Corporation shall have the right of access at all times for the purpose of reading, inspection, testing, repairing or replacing such

13. METERING (CONT'D)

metering equipment and meters.

Should any meter fail to register accurately, the Corporation may charge for the power and energy supplied during the extent of such failure, either on the basis of the amount of power and energy charged for during the corresponding term immediately succeeding or preceding the alleged period of inaccurate registration, or during the corresponding term in the previous year or on the basis of the amount of power and energy supplied as established by available evidence, whichever basis appears to be the most fair and accurate.

14. RESPONSIBILITY FOR CORPORATION'S EQUIPMENT

All transmission lines and apparatus of the Corporation furnished and installed by the Corporation on the Customer's premises shall remain the property of the Corporation, who shall be entitled to remove such transmission lines and apparatus on the expiration or termination of this Agreement.

If any such transmission lines or apparatus installed on the Customer's premises should be destroyed or damaged by the negligence of the Customer, its servants or agents, the Customer shall reimburse the Corporation for the cost of replacement or repair of such transmission lines or apparatus. If any transmission lines or apparatus installed by the Customer on the Corporation's premises should be destroyed or damaged by the negligence of the Corporation, its servants or agents, the Corporation shall reimburse the Customer for the cost of replacement or repair of such transmission lines or apparatus.

15. RESPONSIBILITY FOR DAMAGES

Beyond the point of delivery, the Customer shall indemnify and hold the Corporation harmless with respect to any and all claims that may be made for injuries or damages to persons or property caused in any manner by electric current or by the presence and the use on the Customer's premises of electric circuits or apparatus, whether owned by the Corporation or by the Customer, unless such injuries or damages are caused by negligence on the part of the Corporation's employees.

16. LIABILITY FOR SERVICE

The power and energy herein contracted for shall be made available for use by the Customer during twenty-four (24) hours each and every day of the term of this Agreement. However, the Customer agrees that the Corporation's obligation hereunder to furnish power and energy is expressly subject to all accidents or causes that may occur at any time and affect the generation or transmission of such power and energy; and the Corporation, in any such event, shall have the right in its discretion to curtail or, if necessary, to interrupt temporarily the supply of power and energy hereunder.

The Customer further agrees that the Corporation shall not be subject to or liable for any loss or damage arising from any curtailment or interruption of the supply of power and energy hereunder or for any loss or damage resulting from variations in the frequency or the voltage of such supply.

The Corporation agrees to take all reasonable precautions to prevent such curtailment, interruption or variations, and upon the occurrence thereof shall use all reasonable diligence to restore its service promptly.

17. SHUTDOWN FOR REPAIRS

The Corporation shall have the right to interrupt temporarily its service hereunder in order to maintain or make necessary changes to its system. However, except in cases of emergency or accident, the service shall be interrupted only at such time or times as will be least inconvenient to the Customer, and the Corporation shall use all reasonable diligence to complete promptly such repairs or necessary changes.

18. TEMPORARY SUSPENSION OF AGREEMENT

If, at any time during the term of this Agreement, the operation of the works of either party is suspended in whole or in part by reason of act of God, act of war, rebellion, civil disturbance, serious epidemic, fire, strike or other fortuitous event, then such party shall not be liable to the other party to take or, as the case may be, to supply power and energy hereunder until the cause of such suspension has been removed. In every such event, the party whose operations are suspended shall use all reasonable diligence to remove the cause of the suspension. This Article shall be read subject to Articles six (6) and nineteen (19) hereof.

19. REBATES

If the supply of power and energy hereunder is interrupted or curtailed in accordance with Articles sixteen (16), seventeen (17) or eighteen (18) hereof, and such interruption or curtailment lasts for a period of one (1) hour or longer, the Corporation shall, on the request of the Customer, allow a proportionate reduction in the payment for the right to use and for the use of the Corporation's power service. The reduction in payment shall be determined in the following manner:

19. REBATES (CONT'D)

1. For total interruptions the amount used as basis shall be the amount of the billing demand for the month on which the Customer would otherwise be required to pay.
2. For partial interruptions the amount used as basis shall be the amount of the said billing demand less the average amount in kilowatts of power taken by the Customer during the interruption.
3. In every case the kilowatts to be used for adjustment shall be the amount used as basis multiplied by the ratio of the length of time of the interruption to the total time in the month.

This rebate shall not reduce the minimum monthly payment stipulated in Article six (6) hereof unless the Corporation is unable to supply power and energy under the terms of this Agreement.

20. PAYMENT OF ACCOUNTS

The Corporation shall render its accounts monthly and the Customer shall make payment in lawful money of Canada at the Corporation's office in St. John's, Newfoundland, or at such other place as the Corporation may designate, within twenty (20) days of the date of rendering such accounts, without deduction for any claim or counterclaim which the Customer may have or claim to have against the Corporation arising under this Agreement or otherwise. All payments in arrears after the said twenty (20) days shall bear interest at a rate, per month, determined by adding

two (2) to the current effective annual borrowing rate of the Customer at its principal Canadian bankers and dividing that number by twelve (12).

21. TERMINATION OF AGREEMENT

Subject to the provisions of Article eighteen (18) hereof, if the Customer voluntarily or forcibly abandons its operations, commits an act of bankruptcy or liquidates its assets, other than through the acquisition of substantially all of the assets of the Company by the Government of Newfoundland or someone appointed by the Government to acquire the same, then there shall forthwith become due and payable to the Corporation by the Customer, as stipulated and liquidated damages without burden of proof thereof, the minimum monthly payment provided for in Article six (6) hereof, for each month or fraction of a month of the then unexpired term of this Agreement.

22. ARBITRATION

All claims or counterclaims which the Customer may have or claim to have against the Corporation arising hereunder shall be submitted in writing to the Corporation before the last day of the third month following the month in which such claim arose, otherwise the Customer shall be deemed to have waived all rights for the recovery of such claim or claims.

If any such claim so made is not agreed to by both parties, the matters in dispute shall be submitted, within two (2) months from the date the claim was submitted, for decision to a Board of three arbitrators, one to be named by the Corporation and one to be named by the Customer and the third to be named by the two so chosen. The decision of any two members of the Board shall be final and binding upon both parties and shall be enforceable in any Court of competent jurisdiction in the same manner as a Judgment of such Court may be enforced.

22. ARBITRATION (CONT'D)

The charges of the third nominee, who shall be the Chairman of the Board, shall be borne by the losing party, and the parties shall bear the costs or charges of their own nominees.

The period of delay for appointment by the parties of their respective nominees shall be seven (7) days after notification by the other of its nominees, and for agreement by the two nominees on the chairman shall be ten (10) days.

The Provisions of Part VI of the Judicature Act, Chapter 187 of the Revised Statutes of Newfoundland (1970) shall apply.

The definition of "Board" as contained in Article one (1) hereof to the contrary notwithstanding, "Board" in this article shall not mean the Board of Commissioners of Public Utilities.

23. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns, but it shall not be assignable by the Customer without the written consent of the Corporation, which consent shall not be unreasonably withheld.

24. COMMUNICATIONS NOT HEREIN CONTAINED ARE ABROGATED

All previous communications between the parties hereto, either verbal or written, with reference to the subject matter of this Agreement, including without limiting the generality of the foregoing, the Agreement dated July 1st, 1967 and any and all amendments thereto, are hereby

24. COMMUNICATIONS NOT HEREIN CONTAINED ARE ABROGATED (CONT'D)

abrogated and this Agreement shall constitute the sole and complete agreement of the parties hereto in respect of the matters herein set forth.

25. AMENDMENT, CHANGE OR MODIFICATION OF THIS AGREEMENT

Any amendment, change or modification of this Agreement shall be binding upon the parties hereto or either of them only if such amendment, change or modification is in writing and is executed by duly authorized officers of each of them in the same manner as this Agreement.

26. NOTICE

Notices and communications required under this Agreement shall be properly given if sent by registered mail as follows:

27. NEWFOUNDLAND LAW

This Agreement shall be governed by and interpreted in accordance with the laws of Newfoundland.

IN WITNESS WHEREOF the Corporation and the Customer have caused this Agreement to be executed by the affixing of their common seals attested by the signatures of their proper officers duly authorized in that behalf.

The Common Seal of
NEWFOUNDLAND AND LABRADOR
POWER CORPORATION was
hereunto affixed in the
presence of:

Alfred J. J. J.

J. J. J.

The Common Seal of
NEWFOUNDLAND LIGHT & POWER
CO. LIMITED was hereunto
affixed in the presence of:

J. B. O'Keefe

President
J. B. O'Keefe
Secretary