

1 Q. Please indicate what Hydro's test Year forecast is in respect of the U.S./
2 Canadian exchange rate and the source of this forecast. Please indicate the
3 impact on revenue requirement given a range of plus or minus 2 cents
4 relative to the forecast used by Hydro in this application.

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7 A. For Hydro's 2007 test year, the Canadian dollar exchange rate is currently
8 forecast at \$0.879 CDN per US dollar. Variation in this exchange forecast for
9 the test year will impact upon revenue requirement by impacting the cost of
10 fuel oil at Holyrood and diesel fuel for interconnected and isolated plants.
11 Differences in Holyrood fuel oil costs due to exchange rate variations are
12 stabilized in the RSP. Approximately 92% of the variation in revenue
13 requirement associated with a plus or minus two cent change in the
14 exchange rate is attributable to fuel oil costs at Holyrood.

Estimated Impact On Revenue requirement	2007 Exchange Minus \$0.02	2007 Exchange Plus \$0.02
Total Impact	+3,220,000	-3,090,000