

1 Q. It is suggested (at page 8, Section H, Tab 1 of the Capital Budget
2 Application) that the 0.4% increase “will yield approximately \$167,000 in
3 2007 and continue”. Tab 9b demonstrating the cumulative net worth of the
4 Unit 3 upgrade contains the following “Assumptions and Notes: “ “ Fuel
5 savings on increased efficiency is 0.4%”. What evidence or information does
6 Hydro have to support the assumption that a 0.4% increase in efficiency in
7 the steam turbine as identified by a steam path audit, will translate into fuel
8 into actual fuel savings of 0.4%, year over year?

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11 A. The 0.4% efficiency increase will be reflected in a requirement for 0.4% less
12 steam input to the turbine. This will require 0.4% less steam output by the
13 boiler which results in a reduction of fuel input to the boiler of 0.4%. This
14 benefit will be realized in each operating season.