Q. Please provide, on one sheet of paper, the cost per kWh for each of Newfoundland Power's hydro plants currently operating, providing each plant's average kilowatt cost over the last ten years and projected future costs for producing kilowatts incorporating future capital budget plans.

A. Attachment A provides operating costs for Newfoundland Power's 23 hydroelectric plants in cents per kWh of energy produced over the period 1992 to date. Although these costs are expressed in terms of units of production, total operating cost per plant should not be thought of as varying with plant production.

Newfoundland Power has not done an analysis of operating and historical capital costs per kWh for each of its plants. Historical capital costs are not relevant to operating decisions or assessments of plant viability on a go-forward basis.

In circumstances such as that of the Seal Cove plant in 2002 or the proposed projects at Lockston in 2003, a full analysis of projected capital and operating costs is justified. In the case of these two plants, substantial capital investment is/was required in major components of the plant. Without such an investment, as in the case of a penstock or a generator, continued operation of the plant would not be possible. When such circumstances arise, a full analysis of all foreseeable capital and operating costs is warranted. Such analyses typically consider a 25 year forecast of costs and production to assess the merits of the proposed capital investments in the facility and other alternative courses of action.