

1 Q. Please describe any and all of the differences in the terms of the Service
2 Agreements in respect to the calculation and application of the rates that
3 cause Aur Resources Inc. to differ from each of the other industrial
4 customers?

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7 A. There is one difference in the way that rates are calculated between Aur
8 Resources Inc. compared with the way that rates are calculated for the other
9 members of the Island Industrial customer class that arises directly from the
10 terms of the respective Service Agreements: Clause 2.06 of the Service
11 Agreement (when read together with Article 3 of the Service Agreement) for
12 Aur Resources Inc. provides that, effective for 2006 only, the Billing Demand
13 will be based upon the higher of the declared power on order, and the
14 highest demand that occurred in that month (less any interruptible power, if
15 applicable). This differs from the other Service Agreements, wherein the
16 Billing Demand is based upon the greater of the amount of power on order
17 and the highest demand the occurred in that calendar year, less any
18 applicable interruptible demand.

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20 The intent of this change is to provide Aur Resources Inc. with reasonable
21 flexibility during the construction, testing and commissioning processes that it
22 will be undertaking in its first year of receiving power from the Island grid.
23 These demands are expected to be modest in most months and will differ
24 from the much more stable patterns of monthly demand that would be
25 expected of a mature industrial customer in an operating mode.

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27 Please note that, for the purposes of the requested interim order, Hydro is
28 proposing with the consent of Aur Resources Inc. that the manner of

- 1 calculating rates that is found in the other industrial customers' Service
- 2 Agreements would apply.