

1 B-5 Island Pond Development

2 B-7 Portland Creek Development

3 B-9 Wind Generation Inventory Study

4 Q. In light of the recent developments involving the operation of the Stephenville
5 and Grand Falls operations, and the revised projected energy deficits as per
6 the response to PUB-1 NLH, can these projects be deferred?
7 If not, why not?

8
9 A. Considering the remaining uncertainty surrounding the ultimate form of ACI's
10 revised operations in Newfoundland, including the possible sale of the
11 Stephenville mill to another operator or an alternative use of the facility, it is
12 Hydro's recommendation that the "Island Pond Development – Capital Cost
13 Estimate Review" proposal be approved.

14
15 Unlike the Island Pond Development in which Hydro is seeking to update and
16 its final feasibility level estimates, the Portland Creek Development has not
17 yet been subjected to a final feasibility level review. At the present time,
18 Hydro's portfolio of resource options is limited. It is imperative that Hydro
19 expand that portfolio to be in position to respond to future resource
20 requirements in a timely and least cost manner.

21
22 Similar to the Portland Creek proposal, the "Wind Generation Inventory
23 Study" is intended to expand Hydro's resource portfolio through the
24 identification and definition of wind resource sites for potential future
25 development. In addition, should the current high fuel price environment
26 continue, wind offers the possibility of economic fuel displacement.

27
28 Therefore, Hydro does not recommend deferring any of these proposals.