

1 B-43 Upgrade Corner Brook Frequency

2 Q. What alternatives to the upgrading of the frequency converter were explored
3 by NLH?

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6 A. The only alternatives to Hydro upgrading the equipment are to do nothing, or
7 transfer ownership of the equipment to Corner Brook Pulp & Paper (CBPP).
8 The frequency converter equipment is an integral and essential aspect of the
9 supply of power and energy to the CBPP operation. If the equipment is
10 going to continue as a component of the electric utility service that Hydro
11 provides, the option of doing nothing is not acceptable.

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13 The alternative of transferring ownership of the equipment to the customer is
14 being pursued and negotiations with CBPP are in progress. Should that
15 transfer of ownership occur, and should the Board approve that transfer, the
16 customer would then be responsible for the operation and maintenance of
17 the equipment, rather than Hydro, and Hydro will not undertake the capital
18 upgrades proposed in its 2006 Capital Budget Application.