Q. Provide the Rate Base Cost and Operating Cost of Newfoundland Power's 23 hydro plants in a single table for the years 1992 to the present. Provide these cost (sic) on a per-GWh basis and compare to the cost in each year of purchasing power from Newfoundland and Labrador's (sic) Holyrood plant.

A. Attachment A contains a summary of operating costs and rate base related costs (depreciation, taxes and return) for Newfoundland Power's 23 hydro plants for the period 1992 to 2001.[1] Attachment A also compares the annual average cost per GWh of production for the Company's hydroelectric plants with the average annual fuel costs for Newfoundland and Labrador Hydro's Holyrood generating station. The Company does not have specific information regarding the other historical operating costs or the embedded costs of the Holyrood generating station.

Because the Holyrood generating station costs used in Attachment A are only the fuel costs, they are not truly comparable with the full cost of Newfoundland Power's hydroelectric plants.

The cost information for the Company's hydroelectric plants was obtained from annual Cost of Service studies and represents an approximation of the embedded cost of these plants. When assessing the viability of these plants on a go-forward basis, it is more appropriate to consider the incremental costs associated with production, rather than the embedded cost.

The 2002 costs of the Company's hydroelectric plants are not yet available.

[1] A major contributor to the increase in the total cost associated with the Company's hydroelectric plants since 1998 is the Rose Blanche Brook Hydroelectric Plant, which went into service in 1998. The cost of production at Rose Blanche Brook (levelized cost of 5.86 ¢/kWh) is significantly higher than the cost of production at the Company's older plants.