

1 **Q. Exhibit BVP-22 p.8 Please provide an explanation for the adjustments in the normal**
2 **production for 2001 and 2002.**

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4 A. Attachment A is a copy of a letter to the Board, dated January 23, 2002, regarding the
5 adjustments to Newfoundland Power's normal hydro production for 2001 and 2002.
6 Schedule "A" to the letter provides the calculation of the Company's normal hydro
7 production for 2001 and 2002.

Adjustments to Newfoundland Power's Hydro Production Normal



Newfoundland Power Inc.

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January 23, 2002

Board of Commissioners of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, Newfoundland
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Attention: Ms. Cheryl Blundon
Board Secretary

Ladies & Gentlemen:

Re: Adjustments to Newfoundland Power's Hydro Production Normal

In 2000, Newfoundland Power Inc. (the "Company") retained Acres International, a hydrology consultant, to review its hydroelectric generating systems with a view to determining an appropriate estimate of normal hydroelectric production ("Normal Production"). The resulting water management study, filed with the Board on December 15, 2000, recommended a reduction in Normal Production from 431.3 GWh to 423.1 GWh. The study further recommended that Normal Production be adjusted annually to reflect the impact on production of any scheduled outages in the year, and that adjustments also be made to reflect the impact on production of physical changes to the Company's hydroelectric facilities.

The Company has completed its review of scheduled outages for 2001 and has determined that Normal Production for 2001 should be adjusted downward by 7.0 GWh to 416.1 GWh. The reduction in 2001 Normal Production reflects water spillage due to scheduled construction projects affecting the Sandy Brook and Cape Broyle hydroelectric plants. Because none of the changes in hydroelectric production in 2001 result from permanent alterations at any of the Company's hydroelectric facilities, the base figure for Normal Production for the purposes of future weather normalization calculations will remain at 423.1 GWh.

Having completed its review of the impact of scheduled outages on normal hydroelectric production in 2001, the Company is satisfied that the methodology it has employed in forecasting hydroelectric production is effective and appropriate. We are therefore in a position to report as well on the adjustment to Normal Production for 2002. Firstly, the base figure for Normal Production will be adjusted to reflect a permanent increase in hydroelectric production of 3.0 GWh as a result of the runner upgrade completed in 2001 at Sandy Brook Hydro Plant. Secondly, an adjustment will be made to Normal Production for 2002 reflecting projected total

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reservoir spillage equivalent to 2.2 GWh of hydroelectric production based on scheduled outages affecting generation for the coming year. The net result is an adjusted Normal Production for 2002 of 423.9 GWh.

For ease of reference, the adjustments for 2001 and 2002 are shown on the attached Schedule "A".

If there are any questions with respect to this matter, please contact the undersigned at the direct number noted below.

Yours very truly,



Gerard M. Hayes
Senior Counsel

SCHEDULE "A"

NEWFOUNDLAND POWER INC. ADJUSTMENTS TO NORMAL HYDRO PRODUCTION (GWh)

2001

Base Normal Hydroelectric Production	423.1
<i>Less:</i> Estimated Lost Production from Scheduled Outages (2001)	7.0
Adjusted Normal Hydroelectric Production	416.1 GWh

2002

Base Normal Hydroelectric Production	423.1
<i>Plus:</i> Capacity Increase (Sandy Brook)	3.0
Revised Base Normal Hydroelectric Production	426.1
<i>Less:</i> Estimated Lost Production from Scheduled Outages (2002)	2.2
Adjusted Normal Hydroelectric Production	423.9 GWh