

1 Q. **Re 2011 Capital Plan - Generation Planning Issue 2010 July Update**

2 Describe the mechanism under which Hydro receives energy from the expropriated
3 assets at Star Lake and on the Exploits River as referenced at p. 6 of the Report.

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6 A. Hydro continues to receive energy from the Star Lake and Exploits generation
7 facilities in the same manner as in the past. Hydro continues to pay for the
8 production from Star Lake and the portion of the Exploits generation previously
9 supplied by the Exploits Hydro Partnership at the rates established in the respective
10 power purchase agreements. In this manner, Hydro is not financially impacted by
11 the expropriation until the Government of Newfoundland and Labrador makes a
12 decision on the future of these assets.

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14 The portion of energy production from the Exploits River generation facilities that
15 was previously used to supply the Abitibi Bowater pulp and paper mill is being
16 received and stored in Hydro's reservoirs. This energy production is offsetting
17 Hydro's production at its hydroelectric generation facilities. In order for Hydro and
18 ratepayers not to be financially impacted by this action, the Rate Stabilization Plan
19 net hydraulic production includes this energy production as it would have otherwise
20 been produced at Hydro's hydroelectric facilities.