

New Brunswick Board of Commissioners of Public Utilities

In the Matter of an application dated June 28, 2004 by WPS  
Canada Generation, Inc. for approval of an Open Access  
Transmission Tariff

Board Premises, Saint John, N.B.

September 17th 2004, 10:00 a.m.

CHAIRMAN: David C. Nicholson, Q.C.

COMMISSIONERS: Emilien LeBreton  
David S. Nelson  
Jacques A. Dumont

BOARD SECRETARY: Lorraine Légère

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CHAIRMAN: Good morning, ladies and gentlemen. This  
is a prehearing conference in reference to an application  
by WPS Canada Generation Inc. for approval of an Open  
Access Transmission Tariff.

My understanding is that there are some folks who were on vacation when the interventions had to be filed. We will get to those in a minute.

But before that could I have appearances for the applicant please?

MR. MACDOUGALL: Yes, Mr. Chair. David MacDougall and Matt Hayes from McInnes Cooper appearing on behalf of the applicant WPS Canada Generation, Inc. And we are joined today by Mr. Ed Howard, Energy Marketing Executive with WPS.

CHAIRMAN: Thank you, Mr. MacDougall. There is a formal intervention that has been lodged by NB Power Corporation.

MR. MORRISON: Mr. Chairman, Terry Morrison on behalf of New Brunswick Power Corporation as it now is. And with me is Bill Marshall, Brian Scott and George Porter and the regulatory staff Marg Tracy and Linda Pine.

CHAIRMAN: Are they -- well, there is the System Operator and Transco are with you today, is that correct?

MR. MORRISON: That is correct.

MR. MARSHALL: We are not sure.

CHAIRMAN: Thank you, Mr. Morrison. And the Provincial Department of Energy has filed for Informal Intervenor status. And Mr. Knight is with us today.

MR. KNIGHT: Yes, Mr. Chairman.

CHAIRMAN: It is my understanding that the Northern Maine System Operator has fired his lawyer and wishes to be added as a Formal Intervenor, is that correct?

MR. BELCHER: Yes. That is true.

CHAIRMAN: Okay. And that is Mr. Belcher?

MR. BELCHER: Yes.

CHAIRMAN: And for the sake of the record we won't make him run up and steal the microphone right yet.

And also the principal customer, the counselors -- no, not the counselors -- the Commissioners of the Perth-Andover Water Commission.

MR. DIONNE: Electric Light Commission.

CHAIRMAN: Electric Light Commission. Mr. Dionne, the Town Manager. And again I understand you fired your lawyer. And you want to be entered as a Formal Intervenor.

MR. DIONNE: Yes.

MR. MORRISON: Terrible developments, Mr. Chairman.

CHAIRMAN: Not if you knew who their lawyers were.

Well, we have no problem in recognizing those additional those additional Intervenors. Well, the Board will not worry about the lateness of time there. And we will grant full Intervenor status to the Northern Maine System Administrator and to Perth-Andover.

Mr. MacDougall, do you have anything you want to say

in a preliminary way?

MR. MACDOUGALL: Yes, I do, Mr. Chair, three items. I will just mention the items. I'm going to deal with each one.

(1) an affidavit of publication which I will file with the board momentarily; (2) revised evidence which was sent in on September 15th to the Board and to the Intervenors.

And in fact copies were actually sent to NMISA and Perth-Andover notwithstanding at the time that they were not Formal Intervenors; and (3) the tentative schedule put forward by the Board.

I will start with the affidavit of publication, Mr. Chair.

CHAIRMAN: Yes.

MR. MACDOUGALL: Mr. Chair, I have given the Board Secretary, Ms. Legere, a copy of the affidavit of publication. Just a couple of things I want to point out in that before the Board reviews it.

When the notices came out with the Board order there were two errors in the telephone numbers. There was a single digit error in Mr. Howard's telephone number. And there was a two-digit error, a transposition in the Board's telephone number.

Those were both changed in the notices that went out in the newspapers in advance of those notices going out,

with the exception of the notice in the Victoria Star, in which case the notice was published but the Board's telephone number was incorrect.

So because the Victoria Star is a weekly newspaper, we republished that notice again a week later on September 1.

And that is all laid out in the actual affidavit.

CHAIRMAN: Yes.

MR. MACDOUGALL: So just that the Board is aware, all the notices were filed within the time frame. However one had a small error in the Board's phone number. So that was republished outside of the time period.

But the actual notice was published within the time period with that one small --

CHAIRMAN: Good. Thanks.

MR. MACDOUGALL: I'm sorry for that. It was just a few transpositions that had occurred.

The next item, Mr. Chair, is revised evidence. We filed revised evidence on September 15 electronically with the Board. And this morning I gave Ms. Legere the requisite number of hard copies for the Board together with the revised evidence.

We filed a black line showing the revisions to the direct evidence as well as a covering letter that explains the changes. I won't propose to go through that now. If

the Board wants me to I certainly will. And we can explain the changes. I think it is all very self-explanatory.

In fact very quickly what occurred was that one cell in an addition in a spreadsheet hadn't been activated. And therefore one of the numbers that fell out of that was off by a small amount leading to an annual revenue requirement which was approximately \$2,600 less than what the number should be.

That is now reflected in the new evidence but in no way impacts any of the analysis in the evidence. And we can certainly go through that in any detail if anyone wishes us to.

I'm also going to leave a few copies of the letter, the black line and the hard copies just at the Board table up here. And then if parties want some hard copies they can have them.

But it has been sent to all parties, and as I say, including the NMISA and Perth-Andover on September 15th.

CHAIRMAN: Yes. That is under your letter of September 15?

MR. MACDOUGALL: That is correct, Mr. Chairman.

CHAIRMAN: Okay

MR. MACDOUGALL: And we apologize for that. It was a gremlin in the computer.

CHAIRMAN: And none of the Intervenors have any difficulty with the applicant amending their evidence in accordance with what was in the letter of September 15th?

MR. MORRISON: No, Mr. Chairman.

CHAIRMAN: For the sake of the record, everybody shook their head in an appropriate fashion.

MR. MACDOUGALL: Mr. Chair, then that comes to the third items which is the schedule. The Board sent around a tentative schedule dated August 17. We have looked at that schedule.

Certainly the applicant is fine with that schedule. However we do have a few comments for the Board's consideration. And I'm sure other Intervenors may have some comments on that as well.

We have had discussions with most of who we thought would be the primary impacted parties prior to the filing of our evidence. That included discussions with representatives of NB Power including parties who we feel will be representatives of each of Transco and the SO after October 1st.

We also had discussions with the Department of Energy, discussions with the Northern Maine ISA and discussions with the Perth-Andover Electric Light Commission. Our discussions with all those parties indicate that they are

all -- none of them are opposed to the application as put forward.

Perth-Andover has had the assistance of an independent consultant who has also reviewed the application on their behalf. And I'm sure Mr. Dionne could speak to that in more detail if necessary.

And therefore we are of the view that none of the parties who are now Intervenors, Formal or Informal, likely require any further information from the applicant.

So with the exception of any questions the Board may have, we would be in your hands as to eliminating, shortening or otherwise dealing with the hearing process.

Because we are not sure that there is a need to have as formal a process as set out in the tentative schedule.

We do understand that NB Power would like in some formal way to raise the issue that this application shouldn't be seen as a precedent for future applications in that it is unique in nature and there is support for their application or their lack of opposition to the application is based on that fact.

And we certainly don't have any problem with that going forward. And they may have other comments in that regard.

But with that one exception we really feel we are in



the hands of the Board. We feel the primarily impacted parties and all parties who have intervened feel the application should move forward.

So on that basis we would suggest that the process could be truncated if the Board felt that was appropriate.

CHAIRMAN: Mr. Morrison, any comments on that?

MR. MORRISON: Yes, Mr. Chairman. I guess at the outset we would like to say that NB Power does not oppose this application in any way. However we would like the opportunity to file evidence.

It will be I would anticipate very brief evidence. And it is only to raise certain issues that we think the Board should take into consideration when making its decision.

Primarily they deal with -- in essence what WPS is proposing is that the Tinker generator and the transmission associated therewith be considered as if it was part of the main system.

Again we don't have any problem with that other than the fact that we don't want to see this as a precedent, for example if another generator were to apply to the Board and want to be exempt from the outcharges for export charges. We would not want any such generator to rely on this decision as a precedent or some authority for that

position.

So we would like to have the opportunity to file evidence. There are a couple of other issues that I can get into them here today.

But it really is just -- what we will be asking the Board to do in its decision, and again not opposing the application, is to make sure that the record is clear as to what the issues are, and that this really is a very unique situation given the historical relationship between WPS and the actual physical location of this particular generator and the load which is Perth-Andover, a very unique situation.

So we would like the opportunity to file evidence.

CHAIRMAN: I can't address any of that until you go back and say -- and give me more detail on what you said to begin with, is that the Tinker generator be considered part of the Northern Maine System.

MR. MORRISON: From a -- that is not what WPS' application says. But from a practical point of view that is what -- the practicality is that that is what it is.

I mean, it is not going to be subject to the New Brunswick Tariff. Normally a generator would be subject to outcharges for export. That is not going to be the case here.

And really this whole system is going to be administered by the Maine ISA, as I understand it, is that correct?

MR. MARSHALL: No.

CHAIRMAN: Do we want to break now or --

MR. MACDOUGALL: Mr. Chair, I'm quite familiar with the application. And we have Mr. Howard and Mr. Marshall and colleagues here.

I could maybe jump in and see if I can explain what we are asking for. And then NB Power can confirm. Because I don't think we have -- believe we have an issue with what they are going to put forward.

The application by WPS, Mr. Chair and Commissioners, is really for the approval of a revenue requirement and a Transmission Tariff.

In this case we are going to utilize the already Board-approved NB Power Transmission Tariff. And as set forth in the application, we believe that that is entirely consistent with the legislative scheme.

So in fact what we are asking the Board to do is to approve the revenue requirement and Transmission Tariff. And in fact we actually don't believe the Board has further authority to approve other aspects of some of the information contained in the application.

However in the application we have tried to lay out the historical background and the current background as to how we propose WPS' generation will be dealt with going forward, so that the Board is fully aware of that, and to the extent that any further information is required so that the Board does understand that, we are willing to fully accommodate in that regard.

What is happening is for electrical purposes currently the border for New Brunswick and Maine is considered at the WPS generator to be the border. So electrically the border is not actually at the physical border at the WPS New Brunswick interconnection.

We are proposing in this application that that not change. So we are advising the Board that our view is that that not change.

However under the new New Brunswick regime, all of the transmission in the province must come under the control of the System Operator. And again we are proposing that that does occur.

However the legislation specifically provides, and we have given reference within the application and otherwise, that the System Operator may delegate its authorities, okay.

Furthermore the market rules allow certain waiver of

certain of the provisions. Our application is solely for revenue --

CHAIRMAN: I'm sorry, Mr. MacDougall. Waiver of the certain provisions of what?

MR. MACDOUGALL: Of the market rules. The System Operator --

CHAIRMAN: Yes.

MR. MACDOUGALL: So the legislation allows -- the Electricity Act when proclaimed will allow the System Operator to delegate certain of its authorities.

The market rules when in place, pursuant to the Electricity Act, have certain provisions that allow for waiver which are also contemplated in the legislation.

Some of those provisions will -- some of those authorities will have to be delegated. And some of the provisions will have to be waived in order for it to continue to appear that the generation at Tinker is within the Northern Maine marketplace.

And we will give you one example. That example would be energy imbalance. Energy imbalance is dealt with at the electrical interconnection border.

For all intents and purposes today the WPS generation is resident in the Northern Maine System. And therefore if there is an issue with load going down, then the Tinker

hydro facility can be adjusted accordingly to deal with that load.

If that generator was considered to be in New Brunswick rather than in Northern Maine, if it was -- if load went down to Northern Maine and the generator was called upon to adjust accordingly, if they went outside of the 2 percent ban on imbalance between the New Brunswick system and the Maine system, then there would be a big penalty charge imposed, okay. That would cause a lot of issues for the Northern Maine System.

So what we are proposing -- and not necessarily in this application -- but we are explaining to the Board in this application that the generator would continue to be considered for purposes such as that, as within the Northern Maine System.

The System Operator would through interconnection agreements or other forms of agreements with the Northern Maine Independent System Operator, agree to delegate certain authorities to it to run the generator, as it is allowed to do per the legislation.

And certain of the market rules deal with issues such as energy imbalance. And I won't get into the other ones.

There are certain other ones -- I use that as an example -- would be waived or the proper process would be put in

place so that that could all be reflected.

I believe what NB Power is saying is the reason they have no issue with that going forward, and that the parties who we believe are the SO have agreed, and Mr. Belcher from the Northern Maine ISA has agreed to continue all these systems, is because that would allow for the consistent of the market as it now exists in Northern Maine. To do otherwise could impose significant costs on the Northern Maine system.

We have had discussions with the Department of Energy and Mr. Knight, and he is here today, that the Department of Energy doesn't believe were meant to be caused by the application of the Electricity Act.

So the real key to our application is to bring the New Brunswick load, Perth-Andover, which is now also considered part of the Northern Maine System, into New Brunswick and part of the New Brunswick System. That is what our application does.

So that the Board clearly understands, right now the Perth-Andover load is not considered part of New Brunswick either. Neither is the WPS generator.

What we are considering doing is bringing the load in, having that load charged the same tariff rate as any other muni, Edmundston, Saint John, being treated for all

intents and purposes as part of the New Brunswick system, however keeping the generator still notionally within the Northern Maine ISA.

Because to do otherwise would create a host of problems which if you would like we can get into. But I think all the parties have agreed to avoid those problems.

This application, the way it is structured, it does do that.

Each of the other parties -- Mr. Belcher can certainly comment. Mr. Dionne can comment. We understand that Mr. Dionne understands all of the implications of this and the fact that the WPS Generation is going to stay in the Northern Maine System. And they have had consultants look at it and actually have discussions with Mr. Howard as well to satisfy themselves on those issues.

So to the extent that NB Power is looking to provide evidence to suggest that keeping that generation in the Northern Maine System or allowing that generation to send power to Northern Maine without paying a separate Transmission Tariff is a unique situation.

We are in total agreement with that. And we actually believe the Board would only approve this in these very unique circumstances and that it shouldn't create any precedent going forward in any way. If NB Power feels



they should file some evidence to try and enlighten the Board to that, we don't have an issue with that.

Although in fact we are not asking the Board to approve those aspects of the System Operator arrangements and otherwise. And I actually don't think that is a burden you want to take on or the legislation imposes on you.

But we want you to be aware of all that in approving what we are asking you to approve, which is a revenue requirement for Perth-Andover and the fact that Perth-Andover will going forward be a part of the overall New Brunswick system governed by the SO and not paying a separate Transmission Tariff to WPS.

CHAIRMAN: Just an aside if I might. The costs which support the application, et cetera, are the costs of the transmission from the Tinker generator to the border included in those costs?

MR. MACDOUGALL: Yes, they are, Mr. Chair.

CHAIRMAN: And yet that presumably is covered by the Transmission Tariff in the Northern Maine area?

MR. MACDOUGALL: No, it is not, Mr. Chair. Those costs would be rolled in as part of the \$200,000 annual revenue requirement that we are asking to be rolled into New Brunswick system.

But then when you take the Perth-Andover load and bring that in along with those costs, it has no impact on the New Brunswick rate. But there is no separate charge from the WPS generator to the border. Perth-Andover is fully aware that that is the consequence of this application.

But if we were to do anything otherwise, if we were to try to allocate those costs between WPS and Perth-Andover, that would require us filing a Transmission Tariff on those aspects, which would then create a pancaking of rates for Perth-Andover and a whole rethink of the approach that all the parties here have made in order to try and ensure that that generation is considered to be part of the Northern Maine ISA for the export of power from that generation.

Mr. Howard may have some further comments on that. But I believe that is the point that NB Power wants you to be particularly aware of, as do we. But we don't believe it creates any issue. And Mr. Dionne can speak to the fact that the Perth-Andover Electric Light Commission is aware of that.

MR. HOWARD: Yes, Mr. Chairman. Just to clarify I think maybe your --

CHAIRMAN: Have to take the mike over a little closer,

Mr. Howard.

MR. HOWARD: Yes. Just to clarify your question, currently today the Northern Maine ISA administers a Transmission Tariff of Maine Public Service Company.

There is not currently in place today a Transmission Tariff or the revenue requirements for the transmission leading from the generation at WPS Canada to the U.S. marketplace covered in any costs of the NMISA.

CHAIRMAN: I have to ask why not?

MR. HOWARD: Because it hasn't been a requirement of this Board to have a filed tariff application. And because it is a Canadian entity, that was not included nor has it ever been included in the Maine Public Service Company Transmission Tariff.

CHAIRMAN: Well, that is all food for thought. Thank you, Mr. MacDougall. Anything further, Mr. Morrison?

MR. MORRISON: Again our only purpose in wanting to file evidence is to have the record as full as possible with respect to some of the issues that Mr. MacDougall has raised. And there are a couple of other issues that are raised in the evidence as well.

CHAIRMAN: Okay. Any of the other Formal or Informal Intervenors have any difficulty with NB Power coming forth with filing some evidence at this time?

I see two shakings of heads back there. Mr. Knight, of course you have no status to say yea or nay. So we won't bother you.

And so that is -- for the sake of record, both Mr. Belcher and Mr. Dionne indicated that they had no problem with NB Power filing some evidence.

In light of that shall we look at the schedule that the Board sent out? And really have you had an opportunity, Mr. MacDougall and Mr. Morrison, to talk about this and come up with some tentative dates?

MR. MACDOUGALL: No, we have not, Mr. Chair.

CHAIRMAN: Why don't I say we will withdraw. You folks talk about that. And Mr. Goss and Board staff -- Ms. Drescher can take a look at our calendars too when you do that. So when we come back in you sort of come up with something that might fit the circumstances. Okay.

MR. MACDOUGALL: Mr. Chair, before you leave, if I could just ask you a couple of questions on that, so that maybe we can deal with them as well.

I don't believe -- this current schedule also has items such as Interrogatories to WPS and responses. Again it is our understanding that none of the parties, other than the Board, if it desires to, would have those.

And again we had mentioned this to other -- as we have

done with other parties. We would certainly be free to have Mr. Howard just available to speak to certain questions, if it is easier to deal with that, rather than to formalize --

CHAIRMAN: Well, at one point I thought it would be. But I'm beginning to take another view, Mr. MacDougall. So I think I will leave staff to give us a recommendation on that themselves.

There are some questions that certainly come to my mind. And it might serve the process better if we do that in writing.

But anyway we will take a break. You let us know when you are ready.

(10:40 a.m. - 11:00 a.m. - Recess)

CHAIRMAN: All right. Board staff brought back to us what the folks in the hearing room had agreed to. And I will read them into the record. And we will provide a copy to the shorthand reporter after we are through.

But we will strike out the Interrogatories which had been tentatively set for the 21st and 28th of September.

NB Power file evidence, written evidence on the 1st of October, which is a Friday. So it will be in here at 12:00 noon. Right, Mr. Morrison?

MR. MORRISON: That is correct, Mr. Chairman.

CHAIRMAN: Thank you, sir. And WPS will reply to NB Power's evidence by Tuesday, October the 5th, 2004. And written questions from the Board will be delivered on the 20th of October to whomever we wish to question, if anybody.

And we simply -- the panel simply said look, we want to have an opportunity, after all that evidence is in front of us, to look and see if there is anything further that we need to talk about or find out about. It may mean a telephone call or whatever.

But anyway we will reserve that. And if we had to have an oral hearing, which we don't believe will be necessary, it would be on the 3rd of November, because you are all going to be in town on the 1st and 2nd for that Atlantic Power conference that is going on in town.

I'm sure that you will be over, Mr. MacDougall at that time.

MR. MACDOUGALL: Mr. Chair, thank you for that. You give idle minds some time and sometimes they come up with ideas. So we might be able to just share --

CHAIRMAN: Are you insinuating there are idle minds up here, Mr. MacDougall?

MR. MACDOUGALL: No. The idle minds were in this room, Mr. Chair. That is the problem. In your absence -- and I apologize if that was the insinuation you took.

In your absence the people in this room came up with an idea which may be able to move this along even further if you would accept the indulgence.

CHAIRMAN: Certainly.

MR. MACDOUGALL: So we had a chance to speak with NB Power.

And the other Intervenors were here at that time. NB Power has raised the four points which they were going to propose to put into their evidence.

In fact all four points are points we believe the Board should be aware of. We believe they are all in the evidence in one way or another.

And NB Power's concern only is that these four items, when the Board decides on them, are not to be considered as a precedent going forward.

And Mr. Morrison can speak to this. And he wishes only that the order reflect that for the purposes of those items, they are not to be considered as a precedent for future Board decisions. We could list those four items now for the Board and maybe even truncate the process somewhat more.

NB Power would then not feel compelled to file evidence on the points. Because they are filing them merely so that the Board knows. These four items being asked by WPS, NB Power does not believe they should be

precedential. Neither does WPS nor any of the other Intervenor. And we could actually put them on the record today, having been given the opportunity to speak with NB Power.

CHAIRMAN: Yes. Well, I have no problem in having them put on the record today. But I certainly still don't want to -- I don't mind truncating things. But I don't think there is any great urgency that this matter be completed tomorrow.

MR. MACDOUGALL: In no way, Mr. Chair. And the fact that the Board wants a chance to ask questions on what gets on -- certainly.

CHAIRMAN: As you are aware, Mr. MacDougall, the Board is part time with the exception of myself. And I want to get them back in here and have an opportunity, first of all, for our staff to review everything in the light of what we talked about today and about what NB Power has to say and as well put some pointed questions to the SO and the Northern Maine Administrator if necessary and go forth from there. So by all means --

MR. MACDOUGALL: Without a doubt, Mr. Chair.

CHAIRMAN: -- Mr. Morrison can have the time necessary, that is five minutes, to put the four points on the record.

MR. MORRISON: Actually I believe Mr. MacDougall is going to



put them on record.

CHAIRMAN: That will take three and a half minutes.

MR. MACDOUGALL: Thank you, Mr. Chair.

The first point we have already discussed. That is the fact that the WPS Generation would, although within the NB Power system and administration of the SO, would notionally for various purposes be considered generation within the Northern Maine ISA, that that not create a precedent with respect to any future generations who may be asking to have transmission outside of New Brunswick.

The second point is, in WPS' application we have indicated that for the establishment of the revenue requirement, we have asked for the use of the actual debt to equity ratio, where for NB Power's application there was a deemed regulatory debt equity ratio.

The fact is WPS' system is a bundled system. And as you will note from the evidence, the transmission assets make up a very small part of the overall assets of their bundled utility.

For those reasons and other reasons posed in the evidence, we believe it is appropriate that, in determining the revenue requirement, that this Board allow the actual debt equity structure to be used. But we certainly agree that that need not create a precedent for

any parties, NB Power or others going forward.

The third item is that NB Power wanted to make it clear on the record that during the currency of the Perth-Andover contract, Perth-Andover would not become a customer of NB Power for transmission. But WPS Energy would actually enter into the -- or WPS Canada would enter into the generation transmission reservation.

NB Power would bill WPS. WPS would then show that price in the component of their bill to Perth-Andover. And Perth-Andover would pay that to WPS. But that WPS would continue to be the party who obtains the transmission reservation on behalf of Perth-Andover during the currency of the contract.

And that is the understanding Perth-Andover always did have. And I think NB Power just wanted that to be clear on the record. And we agree with that point.

In relation to that point, Board staff asked that we confirm to the Board that following the termination of the contract to December 31, 2007 that Perth-Andover would be provided actual transmission service. Because Perth-Andover is not physically connected to the NB Power grid.

Obviously that is the case.

We want to confirm that on the record today, that transmission would continue to be supplied to

Perth-Andover, that the amount of transmission capacity there is sufficient for Perth-Andover and that those transmission lines, although continued to be owned by WPS or some party other than NB Power, would be administered by the System Operator under the new system.

So the status quo would be maintained as far as the actual ability for Perth-Andover to continue to be supplied under all circumstances. That will not change.

CHAIRMAN: There would be no pancaking there though?

MR. MACDOUGALL: There would be no pancaking of rates whatsoever. The rate would be the -- but after the contract is over, some party other than WPS may be the transmission reservation customer in that case.

Because if WPS didn't become the supplier for Perth-Andover after that date, whoever their supplier was would be the transmission reservation customer.

CHAIRMAN: For the layman, that is me, would NB Power's supplying Perth-Andover have to go back through the substation at the Tinker generating facility and then into Perth-Andover?

MR. MACDOUGALL: That is my understanding, Mr. Chair.

MR. HOWARD: That is correct. But that is the intent of the tariff. The tariff --

CHAIRMAN: Hang on. You got to have the mike over or the

shorthand reporter will not catch it.

MR. HOWARD: Yes, Mr. Chairman. That is correct with regard to electric flow. But the tariff rate --

CHAIRMAN: I understand that. I'm just not -- I'm concerned that there might be some piece of transmission in there that gets sold to somebody else or whatever.

But from the map, which is not the greatest in the world, it is quite ancient frankly, it appears that the Perth-Andover line comes out of the Tinker facility.

And there is another line that goes from the Tinker facility and interconnects with the NB Power network to the north. That is what appears from the map.

MR. HOWARD: The physical interconnection is a line that extends from the NB Power system to the substation at WPS Canada. And that substation has effectively four connections to it.

Two of those electric connections run to the U.S. One electric connection runs to Perth-Andover. And one electric connection connects the generating facilities to the substation.

CHAIRMAN: Okay. Good. That is great. Thank you.

MR. MACDOUGALL: And Mr. Chair, the final point is -- and if I can ask parties if they have the evidence in front of them to refer to paragraph 47 of the revised evidence

which is on page 15.

CHAIRMAN: Paragraph 40' what?

MR. MACDOUGALL: 47, Mr. Chair.

CHAIRMAN: Great.

MR. MACDOUGALL: And there is no change in the paragraph, Mr. Chair. But again NB Power, and particularly the SO who will be administering both NB Power and WPS' tariff after January 1, wanted to make it clear that the way NB Power does their calculation for their network service rate and their point-to-point service rate is slightly more complicated than this, because they actually also have their point-to-point rate built in.

Because there is no point-to-point rate on the WPS transmission line, that wasn't put into the calculation. It has no impact on the actual numbers that fall out of it for the purposes of this calculation. And that is why it is not done with point-to-point service in this calculation.

But when the NBSO administers it, they will just use the calculation that they have which is at a higher level with both the point-to-point service and the network service included in it. And then the numbers will follow from that.

The actual numbers will not change. The method of

their calculation though that they will use will be consistent for both the NB Power system and the WPS system, so that it is consistent for all customers.

And again the intent was that in approving any revenue requirement for anything that came out of this application, that didn't preclude that from occurring. And that certainly wasn't the intent here.

It is just because there is no point-to-point rate currently on the WPS system. We didn't show it as part of our evidence because it would be shown as a nil point-to-point rate. There is no point-to-point.

CHAIRMAN: Okay. Now Messrs. Dionne and Belcher have been in the hearing room throughout the evidence or the discussion that has occurred between NB Power and WPS.

I presume that you are in concurrence with what has been presented to us?

MR. BELCHER: Yes.

MR. DIONNE: Yes, we are. The big issue we have of course is no pancake rates in the future.

CHAIRMAN: Yes. I thought he would just say yea or nay.

Mr. Dionne, take a mike if you want to by all means.

MR. DIONNE: Yes. The only concern we have, especially in the long term, is the issue of pancaking of rates. And that is a big concern for us, if we do decide to go out to

another supplier in the future, which hopefully we won't.

But if we do we certainly want to avoid the pancaking of rates in the future.

CHAIRMAN: And just for the sake of the record, why Mr. Belcher also indicated that he was in concurrence with what had been discussed previously.

All right. We are going to adjourn now. We will speak with members of staff in light of what has just occurred. And if in fact our dates for filing any questions or asking any questions of any of the parties, we may change those dates. But the Board Secretary will let you know by what time you will be getting the questions, et cetera.

And might I suggest to staff that -- yesterday we had a little meeting. And we talked about the agenda for the upcoming two-day seminar that NB the SO and one of the butterflies or all, I don't know, are going to put on for us. Maybe this is a good opportunity to ask them to stay for a few minutes and chat with them about that agenda.

Okay. Good. Thank you, everybody.

MR. MACDOUGALL: Thank you very much, Mr. Chair.

(Adjourned)

Certified to be a true transcript of the proceedings of this hearing as recorded by me, to the best of my ability.

Reporter