

- Q. Provide details of past experience that causes Mr. Brockman to anticipate that public reaction to increased variability in electricity rates would be overwhelmingly negative (Brockman Direct Testimony, page 29, lines 6 to 7).**

Mr. Brockman bases his belief in this matter on the history of the RSP and its reasons for being. Hydro's 1985 Annual Report stated the following under the heading "Stable Wholesale Electricity Rates":

Hydro "proposed that the existing fuel adjustment charge be eliminated and that a Rate Stabilization Plan be established. Hydro felt that this was desirable given the frustration of consumers with high fuel adjustment charges during the previous winter. These unusual charges were due to higher than normal oil-fired thermal generation and very cold temperatures experienced during that winter. The result was that consumers were faced with higher bills not only because of increased seasonal consumption, but also because the fuel adjustment charge effected a substantial increase in the unit price of energy."

In response to IC-179(iv), Hydro has provided significant documentation detailing negative public reaction to the rates paid by customers prior to the creation of the RSP.