

Q. In Mr. Brockman's experience, what utilities are using, or have used, a Rate Stabilization Plan similar to that of Hydro? How do utilities without an RSP maintain stable revenues?

A. While the exact details of Hydro's RSP may be unique to Mr. Brockman's experience, many utilities have or have used similar ideas to Hydro's RSP.

The purpose of the RSP is to allow Hydro to reconcile fuel costs that are higher or lower than those projected in the test year due to fuel price changes and/or changes in hydraulic production, and to reconcile revenues due to changes in consumption not anticipated in the test year.

Many utilities are using or have used fuel adjustment clauses. A complete list of such utilities would fill many pages. It is also not uncommon for such utilities to attempt to spread out major changes in fuel costs over time periods between one or more years.

The RSP also includes hydraulic adjustments, which of course only apply to utilities with significant hydraulic production. Several hydro utilities in Canada have hydraulic components to their adjustment clauses.