

1 Q. On page 4 of Mr. Bowman's evidence, reference is to the many benefits from  
2 "time-varying demand and energy charges". Provide evidence that indicates that  
3 Hydro's production costs vary by time-of-day.  
4

5 ANSWER:

6 Hydro provides evidence with regard to time variance in its production costs in its  
7 response to CA-19. According to the September 1984 report on *Marginal Time of*  
8 *Use Costs*, the ratio of winter costs to summer costs was 1.5 whereas the ratio of  
9 on-peak costs to off-peak costs in winter was 1.1. Hydro goes on to say that this  
10 conclusion would not change significantly for current conditions, but fails to  
11 provide evidence in support of this conclusion. Mr. Bowman believes that a  
12 cost/benefit analysis should be conducted to determine the appropriateness for  
13 time-of-use rates (e.g., time-of-day, weekly, seasonal) for the various customer  
14 classes, but it should be based on more up-to-date marginal cost studies than the  
15 17 year-old study that Hydro refers to in its response to CA-19.