

1 Q. (a) Does the Rate Stabilization Plan provide incentive to NLH to minimize
2 the cost of power supply to consumers?

3

4 (b) How could the Rate Stabilization Plan be re-designed to improve
5 incentives to NLH to minimize the cost of supply to consumers?

6

7

8 A. (a) No, the Rate Stabilization Plan is designed to provide stability in
9 customers' bills by providing for the deferral of cost variances resulting
10 from changes in fuel prices, levels of hydraulic production and load
11 rather than a means to minimize the cost of power supply to
12 consumers.

13

14 (b) See (a) above. Given the purpose of the Rate Stabilization Plan, it is
15 not appropriate to redesign the plan as suggested.