

1 Q. Identify any of the LDC's referred to in line 19 at page 44 of the Cost of
2 Capital evidence and any of the companies referred to in line 1 at page 50
3 the Cost of Capital evidence which have the benefit of a rate stabilization
4 scheme which allows it to recover over time all of the revenue associated
5 with actual sales varying from its forecast sales.
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8 A. To Ms. McShane's knowledge, none of the LDCs have a rate stabilization
9 mechanism that is the same as Hydro's. All the LDCs have deferral
10 mechanisms for gas costs; a number of them have weather normalization
11 accounts that adjust revenues for warmer or colder than normal weather.
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13 Hydro's Rate Stabilization Plan (RSP) does not allow "it to recover over time
14 all of the revenue associated with actual sales varying from its forecast
15 sales". There are some risks to Hydro's revenues that are not covered by the
16 RSP for example:
17

- 18 • The loss of an industrial customer
- 19 • If an industrial customer reduces its power on order Hydro will lose
20 demand revenue not recovered from the RSP
- 21 • Rural load reductions
- 22 • DND load reductions