

**Re: Page 52, lines 24-29**

Q. This testimony recommends changes to billing demands to Industrial Customers. Assuming the Board approves such a recommendation, please indicate how Hydro's total Industrial Customer revenue requirement would be collected. If the total revenue requirement would not be collected, please indicate the risk to Hydro.

A. Hydro's revenue requirement to IC would be collected through the bills issued to IC, the same as currently exists for Hydro and other utilities serving industrial customers. The only change would be the billing demand units would be based on actual monthly peak demand (with a winter ratchet) rather than contracted peak demand.

If the demand consumption of the IC group decreases, Hydro's revenues from the demand charges would be lower. However, this is no different than the current risk that the customer would choose to lower their Power on Order in a given year (which would also, subject to certain limits, lower Hydro's demand revenues).