

1 Q. Further to IC-177 NLH: Please identify the specific factors which influenced
2 the change in Hydro's position from that contained in Mr. Brickhill's
3 supplemental testimony filed in the 2001 Hydro Hearing which concluded that
4 the energy-only rate combined with the RSP was an acceptable wholesale
5 rate.

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8 A. Although Mr. Brickhill, in his supplemental testimony, concluded that the
9 energy-only rate combined with the RSP was an acceptable wholesale rate,
10 he did not preclude the use of other rate forms for serving NP. Mr. Brickhill's
11 firm, Foster Associates, in fact had presented the demand energy rate option
12 to the Board in the evidence of Dr. Robert Sarikas in 1991. In recommending
13 the continuation of the energy-only rate in 2001, Mr. Brickhill considered
14 factors such as: transmitting the correct price signal; fairness; matching of
15 revenue and cost; impact on load pattern; economic efficiency, including
16 operational coordination between both utilities and ease of administration.

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18 In consideration of these factors, Hydro views a rate structure in the form of
19 the illustrative demand and energy rate as having features that, overall, meet
20 or exceed these standards. Further, in presenting a demand energy pricing
21 option, Hydro believes it has met the Board's direction given in Order No.
22 P.U. 7 (2002-2003).