

1 Q. Further to PUB-154: Please explain the statement “Under a demand and
2 energy rate structure for NP, the risks associated with forecast variance,
3 although having different causes, are more comparable”.

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6 A. Under an energy-only rate structure for NP, in combination with the RSP,
7 there was virtually no risk to Hydro, while, as discussed in the response to
8 PUB-154, there was some degree of risk to Hydro associated with serving
9 industrial customers. Under a demand and energy rate structure for NP the
10 risks are more comparable in the sense that there is now some risk
11 associated with serving both types of customers.