

1 Q. Does Hydro believe that the load variation component of the RSP is fair in its
2 method of dealing with earnings gains and earnings shortfalls from both
3 Newfoundland Power and the Industrial customers.

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6 A. Fuel costs or savings are allocated among the relevant customer groups
7 based on current energy deliveries. As the RSP variations are calculated
8 based on comparison to a test year, and Hydro's Cost of Service allocates
9 fuel on an energy basis, the load variation can be considered to be fair.