

1 Q. With regard to the R. D. Greneman evidence (page 1, lines 7 to 9), why have
2 none of the recommendations from the NP Generation Report, the Rate
3 Stabilization Report and the Marginal Cost Study been included in the cost of
4 service study?

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7 A. The recommendations of the NP Generation report have not been included in
8 the Cost of Service study to permit the Board and intervenors to consider
9 changes to Hydro's revenue requirement or other relatively minor changes
10 independently of proposed change in the currently approved methodology.

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12 Hydro has provided the value of the existing NP generation credit
13 mechanism in IC 37 NLH. NP 67 NLH shows the impact of the proposed
14 changes, and also the value of the proposed credit mechanism. Hydro
15 intends to incorporate the Board's decision in its final Cost of Service study.

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17 The recommendations of the Rate Stabilization Plan report do not affect the
18 test year, and there are no Cost of Service study implications.

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20 The Marginal Cost Study recommends a significant change in rate setting
21 methodology and requires review by the parties prior to implementation.