

1 **QUESTION:**

2 How does Mr. Bowman propose that Hydro over-earnings be allocated to customers if such
3 situations arise in future between GRAs?

4 **RESPONSE:**

5 Mr. P. Bowman does not advocate that Hydro be permitted to “over earn” in a context of
6 material benefits to the utility as a result of load changes. Such a situation cannot now occur due
7 to the load variation provision, which prevents Hydro from experiencing any risk whatsoever
8 from its main loads. Further, even if the load variation provision did not exist, it is Mr.
9 Bowman’s understanding that there are provisions in place to ensure Hydro does not have what
10 is defined as “excess earnings” (via some form of collar on ROE or similar measure).

11 Rates should be set to reflect costs and appropriate rate design considerations in each GRA,
12 whether a GRA is reviewing a rate increase (i.e., Hydro under-earning) or a rate decrease (Hydro
13 over-earning)