

1 Q. Hydro states "Although the attached Application does not contain any proposed
2 changes, the Board may wish to consider suspension of the existing load variation
3 allocation rules and holding in abeyance current and future load variation amounts
4 until such time as Hydro can develop a proposal to address the current anomalies in
5 the RSP. Hydro anticipates that an application with regard to the RSP load variation
6 can be made prior to the end of 2009."

7 (a) What specifically is Hydro recommending to the Board with regard to load
8 variation allocation rules and treatment of current and future load variation
9 amounts?

10 (b) On what basis would it be appropriate to freeze rates?

11 (c) In light of the significant impact on customers and inter-generational equity
12 concerns associated with the \$16.1 million balance in the RSP owing to the load
13 variation component, why is Hydro not recommending changes to the RSP at
14 this time?

15 (d) Is it appropriate for the Board to consider this application without dealing with
16 the load variation allocation rules and the allocation of current and future load
17 variation amounts? If so, please provide support.

18 (e) What are the repercussions of dealing with these issues in the future rather
19 than the present?

20 (f) Is Hydro of the opinion that the \$16.1 million balance in the RSP should be
21 shared between the ICs and Hydro's other customers? If so, please provide the
22 basis for such sharing.

23 (g) Please provide information submitted by the ICs in the past several years
24 indicating their agreement that the RSP balance owing to significant changes in
25 IC load should be shared with Hydro's other customers.

26 (h) What other options are available to establish a cost-based rate for the ICs
27 excluding the influence of the load variation provision?

- 1 A. (a) Hydro recommends that the net load variation should be allocated among the
2 Island Industrial Customers based on customer energy ratios. The allocation of the
3 load variation in this manner more closely aligns with the Cost of Service treatment
4 and Hydro therefore considers this a fairer allocation method. Hydro further
5 recommends that the current load variation component of the RSP balances, as well
6 as all future amounts, be allocated in this manner. Please refer to the response to
7 PUB-NLH-15.
8
- 9 (b) Hydro believes it has been appropriate to have a rate freeze in place while there
10 have been substantial changes in Island Industrial load and due to the inherent
11 inequity that exists in the design of the RSP load variation. Please refer to the
12 response to NP-NLH-9 and CA-NLH-9.
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- 14 (c) Although it is difficult to say with certainty, the Industrial class load on the Island
15 Interconnected System may have stabilized and information may now be available
16 for a timely decision on the RSP issues outlined. Please refer to the response to CA-
17 NLH-6 and CA-NLH-9.
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- 19 (d) Please refer to the response to CA-NLH-9.
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- 21 (e) Hydro believes that the issues referenced can be dealt with presently. Please
22 refer to the response to CA-NLH-9.
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- 24 (f) Please refer to the response to NP-NLH-9.
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- 26 (g) There is no information submitted by the ICs in the past several years indicating
27 their agreement that the RSP balance owing to significant changes in IC load should
28 be shared with Hydro's other customers.

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(h) Hydro recommends that the cost-based rate established in the 2007 test year continue to be applicable into the future for Industrial Customers until another Test Year is established at a General Rate Application. Hydro believes, however, that adjustments are required to the load variation component of the RSP as outlined in response to NP-NLH-9, CA-NLH-9 and PUB-NLH-15.