

- Q. IC - CA 1 Timing of Load Variation Transfers
- (a) Please confirm if it is Mr. Bowman's recommendation that load variation component transfers that have accumulated from January 1, 2007 should be allocated based on updated customer energy ratios.
- (b) Please elaborate on Mr. Bowman's recommendation in light of the fact that IC firm rates were made interim effective January 1, 2008.

A.

- (a) Mr. Bowman confirms this recommendation.
- (b) Mr. Bowman recommends that load variation component transfers that have accumulated from January 1, 2007 be allocated based on updated customer energy ratios for the following reasons:
- (i) The IC rates were made interim effective January 1, 2008 *because* of the balance that had accumulated in the load variation component of the RSP since January 1, 2007.
- (ii) Hydro recommended in its 2006 GRA (page 8 of the Application, point 11 referencing page 28 of Hydro's 2006 RSP report, point 4 – see response to IC-CA 2) that funds accumulating in the RSP owing to the load variation component be allocated to customers on the basis of load ratio share. The ICs themselves at Hydro's 2003 GRA acknowledged that amounts deferred in the various stabilization accounts used elsewhere apply adjustments equally to all kWh sold without distinction between customer groups as the charges relate to an energy-related cost (see C.D. Bowman pre-filed evidence (page 8, lines 1-4).
- (iii) Hydro's recommendation at the 2006 GRA relating to the load variation component of the RSP was deferred to allow time for the Parties to review all aspects of the RSP design. It was anticipated that the RSP review would be completed in 2007, so in effect, the RSP design was made interim following Hydro's 2006 GRA.

Mr. Bowman points out that this recommendation is consistent with the recommendation made by Hydro's expert witness, Mr. Greneman, who states on page 9 (lines 14-16) of his pre-filed evidence, "it is then a reasonable assumption for all parties, that changes may be made to the RSP rules with an effective date of any point after the 2006 GRA agreement to study the RSP".