

1 **TOPIC:** **TESTIMONY REFERENCES**

2 **PREAMBLE:**

3 Page 11: “...it is the Teck rate that is the last properly reviewed and structured RSP rate...”

4 **QUESTION:**

5 Please explain the above statement given that the -2.000¢ per kWh RSP Adjustment for Teck
6 was based upon the historical balance of the Current Plan at December 31, 2006 that was
7 scheduled for disposition over the period January 1, 2007 to December 31, 2007. Why does Mr.
8 Bowman conclude the -2.000¢ per kWh is the appropriate RSP Adjustment for 2008?

9 **RESPONSE:**

10 The premise of the question does not appear correct. The RSP rate applied to Teck specifically
11 EXCLUDED the crystallized and amortized historical balance in the RSP. It reflected the
12 approved ongoing provisions of the RSP per the Rate Schedule, based on calculations filed with
13 the Board January 15, 2007.

14 The 2007 RSP rate was approved based on balances in the RSP at December 31, 2006, and
15 forecasts for the year 2007. The 2006 balances reflected much older variables (e.g., forecast
16 industrial loads from the 2003 GRA, actual hydraulic variances arising from past years).

17 This is not to say that the 2.000 cent/kW.h rate remained the appropriate rate throughout the
18 period in question – this rate was based on the facts at a previous point in time. But while not
19 perfect, this rate reflects much better a proper ongoing RSP, as compared to continuing to charge
20 customers to amortize a long-ago discharged balance, which is the situation that was imposed on
21 the other Non-Teck ICs.