

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

2    **PREAMBLE:**

3    Page 11: “...*risk is shouldered bi-directionally*...”

4    **QUESTION:**

5    Given that Mr. Bowman believes that the savings that have resulted from IC load reductions  
6    since 2006 are properly assignable to the IC Plan, does Mr. Bowman also believe that additional  
7    costs that would result from the additions of a new Industrial Customer prior to Hydro’s next  
8    GRA are also properly assignable to the IC Plan? To assist in Mr. Bowman’s response, response  
9    to Request for Information NP-NLH-8 provides the projected impact on the IC Plan of Vale Inco  
10   requiring its full load prior to Hydro’s next general rate application.

11   **RESPONSE:**

12   The assignments to the RSP are governed by the approved rate schedule in place at a given point  
13   in time. The approved rate schedule for the RSP terms in place since 2003 (and still in place) sets  
14   out the amounts that are properly assignable to each class’ RSP. In this regard, costs and  
15   revenues related to load increases are equally caught by these rules, the same as load reductions.

16   This is not to say Mr. P. Bowman is supportive of the present approach. As noted elsewhere, Mr.  
17   P. Bowman’s previous evidence on this matter is that the load variation component of the RSP is  
18   inappropriate as it puts each customer class at risk for load variations by other customers in the  
19   class. However, given customers bear this risk, and have since 2003, the current outcome  
20   properly reflects the approved rules in place and the risks the customers were exposed to over  
21   this period. As before, on a go-forward basis, Mr. P. Bowman recommends there be no load  
22   variation provision in the RSP.

23   Mr. P. Bowman cannot comment on whether Hydro and other intervenors would be seeking to  
24   re-allocate IC RSP balances if the balances were negative.