

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

2 **PREAMBLE:**

3 Page 13: *“This continued form of intra-class risk sharing into the future is not advised, and is*
4 *properly addressed by eliminating the load variation provision of the RSP at Hydro’s next full*
5 *GRA rate review.”*

6 **QUESTION:**

7 Please clarify what Mr. Bowman is recommending with respect to the load variation provision.
8 In the explanation, please address the following:

- 9 (i) Is Mr. Bowman assuming a change in the IC rate is indicated in the IC Rate
10 Design Report provided in response to NP-NLH-6?
- 11 (ii) What is Mr. Bowman recommending to ensure Hydro achieves reasonable cost
12 recovery in supplying a new Industrial customer between test years?
- 13 (iii) Why should the Board wait for Hydro’s next GRA to approve a change in the
14 RSP?

15 **RESPONSE:**

16 Mr. P. Bowman is recommending that the load variation of the RSP be eliminated at the next
17 GRA. It is also possible that this timeframe would permit a revised IC Rate Design to be
18 implemented; but, to be clear, in Mr. P. Bowman’s submission the two are not necessarily linked.
19 With respect to material load changes occurring on a utility’s system after a GRA test year, this
20 is a component of the risk that a utility bears, and can be addressed by a utility applying for new
21 rates, either through a GRA, or in certain narrow situations through some other form of limited
22 scope rebalancing process in the event this is acceptable to the regulator. Where such material
23 changes occur, such as the addition of a major new industrial customer, a reasonably near-term
24 rate review is appropriate and ought be sought by the utility or alternatively initiated by the
25 regulator if the utility does not so seek.

1 The Board should address changes to the RSP at the next GRA as this provides the appropriate
2 opportunity to test revenue requirement, cost and rate matters in a comprehensive way.

3 As noted in Mr. P. Bowman's evidence, Hydro is free to seek a limited scope rate rebalancing
4 via a duly submitted application and request for approvals, at any time. However such a
5 proceeding may prove to be too narrowly focused to address RSP rate schedule and rule changes.