

1 Q. **Re: Changes in Load Variation Component Allocation**

2 Does Mr. Greneman believe it may be reasonable to use a greater portion of the
3 RSP hydraulic credit balance to help in managing the rate impact on Industrial
4 Customers? Please provide a detailed explanation for the response.

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7 A. Mr. Greneman is unaware of any immediate rate impact on Industrial Customers.

8 The basic premise of the existing hydraulic variation component of the RSP is based

9 on long-term hydraulic variations tending to zero over time. Impairing this basic

10 premise presently regarding the RSP balance, is the fact that each time a new Test

11 Year price of fuel is approved a different value is introduced to increase or reduce

12 the then existing RSP hydraulic balance. External intervention, such as using a

13 portion of the RSP hydraulic credit balance to help in managing rate impacts, as was

14 agreed to during the 2006 GRA, would further interfere with the objective of the

15 RSP balance tending to zero over time.