

1 Q. Please provide a list of the incentive mechanisms incorporated in the rate regime
2 proposed in this GRA for Hydro to perform in the best interests of consumers.
3 Identify all risks in the proposed rate regime and indicate if the risk is being taken
4 on by Hydro or consumers.
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7 A. The primary incentive mechanism incorporated into Hydro's GRA is its proposed
8 range of return on rate base. Hydro is proposing a range of +/- 25 basis points,
9 which increases Hydro's risk, but provides customers with a cap on the risk assigned
10 to them. Additionally, Hydro anticipates that its proposed rates will remain in place
11 for more than one year, providing an incentive for Hydro to pursue productivity
12 gains to maintain its level of return. These gains would flow through to customers
13 when rates are rebased. Hydro is incented to minimize as much as possible all
14 costs, other than those in the deferral mechanisms, such as the RSP.