

1 Q. (Rates and Regulation Evidence, Section 4.6, pages 4.16 to 4.20)  
2 Please file a substitute RSP design that stabilizes the cost of fuel by comparing the  
3 test year cost of fuel in cents/kWh to the actual cost of fuel for the year in question,  
4 and making an adjustment to rates accordingly to reflect the percentage over- or  
5 under-charge. Propose a dead-band beyond which rates would be adjusted to  
6 collect the cumulative amount. The purpose of the dead-band would be to reduce  
7 rate volatility.

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10 A. Hydro does not believe that a reasonable alternate design of the RSP can be  
11 developed and fully tested within the required timeframe for the response to this  
12 question. Hydro acknowledges that an alternate design of the RSP is feasible, and  
13 may in some ways simplify the calculations. However, given (i) that the existing RSP  
14 rules have been adjusted over the past three GRAs, resulting from extensive  
15 analysis and discussion among the Parties; and (ii) given the limited operating time  
16 remaining for the Holyrood plant, Hydro recommends that the existing RSP rules  
17 remain in place with the exception that the load variation component of the RSP be  
18 shared on a proportionate energy basis as Hydro proposed in its RSP Application  
19 filed on July 30, 2013.