

1 Q. (GRA, Volume II, Exhibit 12 – Review of IC Rate Design, page 1) Please provide an IC
2 rate design that is closely based on the agreement reached between Hydro and the
3 ICs defined on page 1 of the report “Review of IC Rate Design”. File a design that
4 improves economic efficiency while maintaining other rate design principles.
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7 A. An IC rate design based upon the agreement reached between Hydro and the ICs is
8 shown in Table 1 on Page 10 of the Review of Industrial Customer Rate Design filed
9 as Exhibit 12. Hydro believes that rate design would encourage economic efficiency
10 while maintaining other rate design principles.
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12 However, Hydro agrees with Lummus Consultants that the existing rate structure
13 for IC should be maintained, in light of the considerations given in Section 3.2 of the
14 Lummus Consultants report included as Exhibit 9 in Hydro’s GRA. In particular,
15 Vale’s load is forecast to ramp up over the next several years, making a two-block
16 structure difficult to implement while providing the customer with certainty
17 concerning its electricity costs. Furthermore, the phase-in of IC rates as directed by
18 the Government establishes the level of rates for September 1, 2013, 2014, and
19 2015, which would mute any price signals intended to be passed along under such
20 rate design. In light of these factors, there is no alternative rate design available.