

1 Q. (Re: Response to CA-NLH-79) The response states "If the load variation component
2 did not exist, Hydro would likely seek other regulatory deferral mechanisms given
3 the magnitude of the load variations indicated above". Please provide examples of
4 the regulatory deferral mechanisms that Hydro might seek if the load variation
5 component did not exist.

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8 A. In its evidence, Section 4.7.1, Hydro outlined a number of regulatory deferral
9 mechanisms related to energy supply approved by the Board for both Hydro and
10 Newfoundland Power. In addition to the RSP, Hydro has a Deferred Purchase
11 Power Savings and Newfoundland Power has a Replacement Energy Deferral, a
12 Purchase Power Unit Cost Variance Reserve and an Energy Supply Cost Variance
13 Reserve. Additionally, in the current GRA Hydro has proposed the use of deferral
14 and recovery mechanisms for Diesel Cost Variation and Power Purchase Variance
15 related to Isolated Systems.

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17 Over the period from 1998 to 2000, there was approximately \$9 million which
18 accumulated as owing from customers in the Load Variation component of the
19 RSP¹. Over the 2007 to 2013 period, an amount of \$161.6 million accumulated in
20 the Rate Stabilization Plan Surplus as owing to customers related to load variation.
21 In Hydro's opinion such large variances, which can be owing from or to customers,
22 require some type of deferral and recovery mechanism of the nature such as has
23 been approved by the Board in the past, whereby both customers and the utility
24 are protected from large swings in energy supply costs.

¹ As shown in Appendix B of the Grant Thornton report on Historical Review of the RSP filed as Appendix C of Hydro's 2013 RSP filing on July 30, 2013 and included as PUB-NLH-294, Attachment 1 in the current GRA proceeding.