

1    Q.    (Re: PUB-NLH-388) The question refers to fuel adjustment provisions, but the  
2           response refers to supply cost deferral mechanisms. Does Hydro believe these two  
3           things to be the same? Please explain.

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6    A.    A fuel adjustment provision would only account for variances in fuel, whereas a  
7           supply cost deferral mechanism can account for variances from multiple potential  
8           generation sources, including fuel. Not every utility listed in Hydro's response to  
9           PUB-NLH-388 burns fuel to generate electricity. However, each utility listed has a  
10          regulatory deferral mechanism that captures supply cost variances from energy  
11          sources applicable to that utility.