

1 Q. (Re: CA-NLH-280) If the Board determines that the revenue requirement for 2014  
2 and 2015 should be recovered as proposed by Hydro, and the Board's Order is  
3 made after Teck Resources closes operations in June 2015, will Teck Resources be  
4 responsible for a share of these costs, and if so, what is Hydro's best estimate of the  
5 costs to be collected from Teck Resources?  
6

7  
8 A. In its Amended Application, Hydro proposed its 2014 existing rates for all customers  
9 be made final and the RSP credit balance in the RSP Hydraulic Variation Account be  
10 used, where appropriate, to offset the 2015 Revenue Deficiency attributable to the  
11 Island Interconnected System. Hydro's proposed approach will provide for recovery  
12 of the 2014 Test Year costs to serve Teck Resources.  
13

14 The No. 6 fuel cost variances that have occurred relative to the 2007 Test Year for  
15 the period September 1, 2013 to December 31, 2014 resulted in a \$6.8 million  
16 current RSP balance owing from Island Industrial Customers (IIC). The amount  
17 owing primarily resulted from the Board suspending the IIC RSP rate change that  
18 was scheduled to occur January 1, 2014. Approximately 17% or \$1.2 million of this  
19 balance is attributable to Teck Resources. As Hydro does not maintain an RSP  
20 balance per customer, this amount will be recovered from other IIC following the  
21 closure of Teck Resources unless the Board approves the use of existing RSP credit  
22 balances to recover the cost. Further discussion of recovery options for this RSP  
23 balance is provided in Hydro's response to CA-NLH-337.  
24

25 If Teck Resources closes operations prior to the approval new rates for 2015 (either  
26 interim or final), Teck Resources will not be billed on rates that reflect 2015 Test  
27 Year costs. The difference between the revenue for Teck Resources under existing

- 1 base rates and proposed base rates for 2015 is approximately \$400,000 (\$1.1
- 2 million under existing versus \$1.5 million under proposed).<sup>1</sup>

---

<sup>1</sup> These revenue forecasts assume closure of Teck Resources at the end of June 2015.