Q. (Re: CA-NLH-288 and CA-NLH-303) The response (part c) indicates that CBPP will save $595,000 annually in each of 2016 and 2017. The response also shows (Table 1) that the cost savings from the CBPP Demand Credit Contract are estimated to be $476,464 and $505,936 in 2016 and 2017, respectively. Therefore, during this two-year period Hydro estimates energy savings of $982,400, but expects to receive $1,190,000 less revenue as a result of the agreement. CA-NLH-303 shows that for 2015, the fuel savings would be roughly allocated as follows: 84% to NP, 9% to the IICs and 7% to Hydro Rural Customers. How is the revenue reduction estimated at $595,000 annually (CA-NLH-288, part c) allocated to customer classes in the cost of service study? Please provide a table comparing the estimated allocations to customer classes of energy savings to estimated allocations of the $595,000 in lost revenues.

A. There are no non-firm energy purchases indicated by CBPP in its load forecast for 2015 and beyond so the associated sales are not built into Hydro's revenue forecast. In Hydro's responses to CA-NLH-059 and CA-NLH-288 (part c), the majority of the savings to CBPP were the result of a potential reduction in non-firm energy consumption and costs. In Exhibit 4 of Hydro's Amended Application, Hydro indicates that for the five-year period up to the commencement of the pilot agreement, CBPP averaged 3.46 GWh in non-firm energy consumption. It is difficult to predict what the consumption might be into the future, in the absence of the piloted agreement, as it depends on a number of operational factors such as equipment breakdown, planned shutdowns and capital refurbishment, low water levels, frazil ice, etc. However, to be responsive to these questions, the average non-firm consumption in the previous five-year period was assumed to occur in the future.

The cost savings to the system from the CBPP Demand Credit Contract, identified in Hydro's response to CA-NLH-288 (part a), were based on the estimated Holyrood energy savings resulting from the improved utilization of the Customer's hydraulic generation. The savings at Holyrood were based on the most recent fuel price forecast. Please see Hydro's response to PUB-NLH-476 for treatment of the fuel cost savings with respect to the 2015 Cost of Service.