

1 Q. **Reference: Rate Schedules Page 20 and 21 of 47; Conservatio (*sic*) and Demand**
2 **Management Recovery.**

3 Please provide all rationales for allocating the CDM expenses to customers on an
4 energy usage basis, rather than as an allocation to the customer class who
5 benefitted from the CDM.
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8 A. Hydro plans its CDM to save fuel for the overall system rather than for a particular
9 customer class. Since all energy savings are manifested as savings in Holyrood fuel
10 oil, all customers derive the benefit. Allocation of CDM on an energy basis is
11 consistent with the cost of service allocation of fuel oil to all of Hydro's customer
12 classes. Lastly, allocation of CDM on an energy basis is administratively straight-
13 forward and an accepted or established practise.