

1 Q. **Reference: Exhibit 9 page 21.**

2 Please indicate whether an option of deferring all CDM program costs incurred in
3 each given year were amortized over a stated period (e.g., 5 or 7 years) and this
4 amortization were included in Hydro's rate base and revenue requirement would
5 give rise to the rate and stability issues noted at exhibit 9 page 21.

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8 A. While this may technically add to rate stability, CDM expenditures are sufficiently
9 small in comparison with other costs that rate stability would not be a driving
10 consideration in selecting one methodology over another. The advantages of a rate
11 rider are that it results in a proper matching of cost recovery with cost incurrence
12 and anticipated benefits and is administratively straight-forward and transparent.