

1    Q.    Please explain why Hydro is not proposing a +/- \$500,000 threshold for the  
2           proposed Holyrood Conversion Rate Deferral Account as it was proposed for Energy  
3           Supply Cost Variance Deferral Account.

4

5

6    A.    Hydro is not proposing a +/- \$500,000 threshold for the proposed Holyrood  
7           Conversion Rate Deferral Account to limit its exposure in the recovery of supply  
8           costs over which it does not have control. Hydro has proposed a +/- \$500,000  
9           threshold for both the proposed Energy Supply Cost Variance Deferral Account and  
10          the proposed Isolated Systems Supply Cost Variance Deferral Account. The  
11          combined effect of the proposed deferral accounts thresholds provides a limit on  
12          exposure to Hydro for the variability on supply cost recovery to +/- \$1,000,000.