

1 **Q. Re: Wilson Pre- Filed Testimony, page 17. Dr. Wilson indicates industrial**
2 **customers receive a "very strong economic incentive" to consume additional**
3 **energy and an "economic deterrent to reducing energy consumption" by**
4 **way of the energy price signal.**

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6 Please indicate if Dr. Wilson reviewed the evidence of Hydro
7 that Island Industrial load has declined from 1,388 GW.h in
8 2001, to 894 GW.h in the 2007 Test Year, to a forecast 408
9 GW.h in the 2013 Test Year (including the closure of 2
10 industrial operations): Table 2.14, Section 2, page 2.35 of
11 Hydro's Evidence. Please indicate if this supports Dr. Wilson's
12 view that current price signals provide excessive price signals
13 to consume extra energy. Please indicate the degree of
14 industrial load that would exist on the island under Dr.
15 Wilson's hypothetical efficient rate design.

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18 **A. Dr. Wilson is aware of these industrial load reductions, including plant closures.**
19 **He is aware of no evidence that these industrial load reductions resulted because**
20 **of electric energy price signals. It remains true that a marginal price for electric**
21 **energy of 4.782 cents/kWh, when the marginal cost of electric energy is 17.768**
22 **cents/kWh, is a grossly inefficient price signal that would encourage inefficient**
23 **energy consumption with a benefit/cost ratio substantially below 1.0.**
24 **Dr. Wilson has not estimated the Island industrial load that would occur with an**
25 **efficient industrial rate design.**