

1 Q. Page 55, Lines 8 to 16: Please provide a listing of other utilities that employ the
2 practice illustrated for recovery of CDM costs.

3 A. To InterGroup's knowledge, no utility uses precisely the approach noted by
4 InterGroup as no utility has any mechanism akin to the load variation provision of
5 the RSP.

6 The approach, however, is the same basic outcome as would be achieved by a
7 well-designed two-block rate system. To the extent the customer is able to
8 secure CDM energy savings, the customer would see the impact in their bill by
9 way of saving the cost of energy under the "second block" which could be linked
10 to the marginal cost of energy on the system. In this manner, the effective
11 Holyrood fuel savings would be a net bill impact on the customer.

12 The only added aspect to the mechanism would be to ensure that the customer's
13 "first block" cutoff was not prematurely reset, so that the customer would continue
14 to receive the second block energy cost savings for a reasonable period of time
15 in relation to the CDM action taken (e.g., 10 years). This type of basic approach
16 is part of industrial rates in places like British Columbia where for many years a
17 "stepped rate" design has been in place.