

1 **Q. In Section 6.4: New Energy Supply Cost Deferral Account, page 49, lines 31- 32, in**
2 **reference to the proposal to protect Hydro from price changes for Power Purchase**
3 **Agreements such as the Exploit generation (which assets the Province intends to**
4 **transfer to Hydro's regulated operations), the consultants state that "It is neither**
5 **necessary nor advisable for the PUB to approve the inclusion of Exploits**
6 **generation prices to the RSP or deferral accounts as it causes uncertainty and a**
7 **high degree of exposure for ratepayers." Would you agree that an alternative to**
8 **these new energy supply cost deferral accounts is to have more regular periodic**
9 **GRA filings? Please provide a detailed explanation of your response.**

10 **A. Yes, with respect to deferral accounts for supply sources where pricing only changes by**
11 **either: a) routine annual inflationary effects, b) a contracted periodic (e.g., annual) price**
12 **updates linked to some outside factor like commodity prices, or, c) price changes arising**
13 **solely due to policy decisions of the Provincial Government or transferring the assets of**
14 **Exploits assets to Hydro.**

15 Deferral accounts like the RSP which stabilize for factors that are continually changing
16 such as #6 fuel price or water flow conditions would not be fully addressed by more
17 frequent GRA filings, though the situation regarding balances may be improved.