

1     **Q.     2013 General Rate Application, Cost of Service**

2             Exhibit 9, Section 3.2 - It is stated that effective conservation initiatives are available  
3             to IC through CDM programs, mitigating the need for a two block rate structure.  
4             Therefore no changes are recommended to the IC rate structure (single energy  
5             charge applied to all firm energy consumed). Provide a more detailed explanation  
6             as to why the single energy charge is better than the two block rate structure that  
7             was extensively discussed in the *“Review of Industrial Customers Rate Design”*  
8             submitted to the Board in 2008.

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11     **A.**     As discussed in Section 3.2.4 of Exhibit 9, the planned load for Vale would add a  
12             level of complexity, and a lack of transparency to the block sizes under a two block  
13             rate structure, for the customer in each year after the 2013 Test Year. Additionally,  
14             Vale's load is anticipated to stabilize around the time of the Labrador  
15             Interconnection, where a different rate structure may be more appropriate. This  
16             suggests that implementation of a two block energy rate structure at this time may  
17             not be advisable.