

1 Q. Explain in detail the advantages and disadvantages for Hydro and for customers of  
2 the ability to recover variations from the test year in each of:

3 (i) load

4 (ii) hydraulic production; and

5 (iii) fuel price and volume

6 and explain why, in Hydro's opinion, all three components should be included in the  
7 RSP.

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10 A. Hydro's October 2013 RSP Report, filed in response to IR-IC-NLH-014, demonstrates  
11 that significant variations from Test Year costs occur related to hydraulic  
12 production, fuel price and load components of the RSP. The Net Hydraulic  
13 Production Variation schedule, page 4, Column G of the report, shows an amount  
14 owing to customers of \$39.2 million as at October 31, 2013. The No. 6 Fuel  
15 Variation (price) schedule, page 5, Column G of the report, shows an amount owing  
16 from customers of \$58.4 million as at October 31, 2013. The Load Variation –  
17 Industrial schedule, page 9, Column F of the report, shows an amount owing to  
18 customers of \$23.2 million as at October 31, 2013. Given that significant variations  
19 occur in each of the components of the RSP as demonstrated above, in Hydro's  
20 opinion all three components are rightly included in the Plan.

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22 In comparison with the monthly fuel adjustment clause, which was in place prior to  
23 the introduction of the RSP in 1986, advantages and disadvantages to Hydro are  
24 described in response to PUB-NLH-292 and to customers in response to PUB-NLH-  
25 290.