

1 Q. Further to the response to CA-NLH-17 in relation to the 2013 RSP proceeding, did  
2 Hydro perform any analysis or review to support its conclusion that the RSP is of  
3 "*significant value*" to customers? If yes, provide a copy of such analysis or review. If  
4 no analysis was completed, why not?

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7 A. Hydro's conclusion that the RSP is of significant value to customers is reached as a  
8 result of consideration of what was in place prior to the RSP for recovery of fuel  
9 cost variations and what has been observed over the period since the RSP was  
10 established to recover fuel cost variations. In 1985 prices for Holyrood fuel spiked  
11 causing a public outcry led by the New Lab Action Group against electricity prices in  
12 the province. In response to this public discontent, the Board approved the  
13 implementation of the RSP effective January 1, 1986.

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15 There was an inherent disadvantage to customers in the fuel adjustment clause  
16 scenario since, in winter, rates could increase substantially at the time customers  
17 were experiencing high consumption and customers had no ability to significantly  
18 adjust their consumption in response to the increasing price. The RSP smoothed  
19 rates for customers such that, unless there was a GRA related change in base rates,  
20 generally customers paid the same per unit costs for an entire year. Since  
21 introduction of the RSP in 1986 Hydro has not experienced the level of protest  
22 against electricity prices of the nature that was demonstrated in the mid-1980s.

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24 As a result of the above considerations, Hydro has not performed any formal  
25 analysis or review to support its conclusion regarding the value of the RSP to  
26 customers.