

1 **Q. C. Douglas Bowman, Section I.c: Summary of Evidence, page 4, line 23 to page 5,**  
2 **line 4**

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4 **Does Mr. D. Bowman acknowledge that Hydro administered the load variation**  
5 **component of the RSP from 2007 until Aug 31, 2013 in accordance with Board**  
6 **Order P. U. 8(2007)?**

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8 **A.** No, Mr. Doug Bowman does not acknowledge that Hydro administered the load  
9 variation component of the RSP from 2007 to August 31, 2013 in accordance with  
10 Board Order P.U. 8(2007). The Board makes six decisions relating to the RSP in  
11 Order P.U. 8(2007) that are summarized on page 65, Section III. None of the  
12 decisions related specifically to the load variation component of the RSP, implying  
13 that the existing methodology was to remain in place. The existing methodology did  
14 remain in place, but only until Board Order No. P.U. 34(2007) when Hydro proposed  
15 that *“the RSP components of the rates currently charged to the Industrial Customers*  
16 *be maintained on an interim basis so that rates to the Industrial Customers would not*  
17 *change until a further Order of the Board”* (see page 1, lines 30 to 32). In effect,  
18 Industrial Customer rates were frozen and the RSP was not allowed to operate as  
19 approved. The Board ordered (page 2, lines 12 to 15): *“Pursuant to Section 75 of the*  
20 *Act, the Board approves, on an interim basis, the Industrial Customer rates as*  
21 *attached in Schedule A, to be effective for consumption on and after January 1, 2008,*  
22 *until a final Order of the Board with respect to Industrial Customers’ rates for 2008”*.  
23 For various reasons, the Island Industrial Customer rates remained frozen until  
24 September 1, 2013 when they were changed in response to OC2013-089, as amended.  
25 This directive required that effective September 1, 2013 Island Industrial Customer  
26 rates would no longer be frozen, and increases were to be phased in over a three year  
27 period with funding of the revenue shortfall drawn from the accumulated load  
28 variation component of the RSP. Further, OC2013-089, as amended, directed that  
29 effective January 1, 2014, the Island Industrial Customers would be subject to RSP  
30 changes in accordance with the Board’s approved methodology. This directive  
31 crystalized the \$37.6 million subsidy granted to the Island Industrial Customer class  
32 (see RSP-CA-NLH-12).  
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