

1 **Q. Reference: C. Douglas Bowman, Section I.c: Summary of Evidence, page 4, line**
2 **23 to page 5, line 4 Reference: 2006 GRA Parties' Agreement of October 20, 2006**
3 **and November 23, 2006, <http://www.pub. nf.ca/hydro2006gra/index. htm>**
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5 **Does Mr. D. Bowman acknowledge that the Consumer Advocate signed the Parties'**
6 **Agreements referenced above which included the methodology for the RSP?**
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8 A. The 2006 GRA Parties' Agreement of October 20, 2006 and November 23, 2006
9 was a negotiated settlement among the parties and the Consumer Advocate was a
10 signatory. Like most negotiated settlements, there was give and take by all parties.
11 As part of the 2006 GRA, Hydro filed a report on the RSP that recommended a
12 number of changes (see June 30, 2006 report entitled *Review of the Operation of*
13 *the Rate Stabilization Plan for the Period January 1, 2004 to December 31,*
14 *2005*). The Consumer Advocate felt that these changes did not go far enough,
15 believing that the RSP fell far short of meeting its design objectives. The
16 Consumer Advocate proposed that a study be undertaken on the re-design of the
17 RSP to better meet design objectives. One of the changes Hydro had proposed for
18 the RSP in its report was to allocate the load variation component on the basis of
19 energy ratios. It was agreed during negotiations that no changes would be made to
20 the RSP until the study of the RSP was completed. The Consumer Advocate
21 agreed to this because as stated in Mr. Doug Bowman's Pre-filed Evidence dated
22 October 27, 2006 (page 6, lines 14 to 17): "*In the Parties' October 20, 2006*
23 *Agreement on Cost of Service, Rate Design and Rate Stabilization Plan, it was*
24 *agreed that Hydro will initiate a review of the RSP in 2007 with the intent to*
25 *better reflect design objectives. It was further agreed that Hydro would use best*
26 *efforts to achieve an implementation of January 1, 2008*". Therefore, the
27 Consumer Advocate was a signatory to the Parties' Agreement of October 20,
28 2006 and November 23, 2006, but it was a signatory on the entire package. The
29 Consumer Advocate agreed to maintain the current RSP design on condition the
30 studies on the RSP, the NP wholesale rate and the IC rate were completed in a
31 timely manner, and that Hydro made best efforts to implement the RSP design by
32 January 1, 2008. This condition was never met as the RSP study was never
33 completed (see CA-NLH-6 relating to Hydro's 2009 application on RSP
34 Components to be Charged Industrial Customers).