

1 Q. Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47

2 Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan,
3 Page 4.16

4 Did the introduction of the RSP on Jan 1, 1986 stabilize revenue for Hydro, stabilize
5 rates for customers or both?

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8 A. In comparison to the fuel adjustment clause, the introduction of the RSP on January
9 1, 1986 stabilized rates for customers. It is noted that Hydro's net income was
10 stabilized under both mechanisms, however there was less risk to Hydro under the
11 fuel adjustment charge since fuel expense was recovered in the month following its
12 incurrence.