

1     Q.     Further to response to Requests for Information NP-NLH-078 and NP-NLH-079:  
2           Provide the energy supply cost variance threshold beyond which Hydro considers it  
3           necessary to implement a recovery mechanism.

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6     A.     As there is variability in energy supply costs, and given the interrelationship  
7           between the proposed energy supply recovery mechanism and Holyrood fuel costs,  
8           no variance threshold is appropriate. Given the increased volume of power  
9           purchases in the 2013 Test Year, Hydro considers it critical to recover or refund  
10          prudently incurred production related costs. Hydro considers the proposed  
11          mechanism to be similar in nature to NP's ability to recover energy supply costs  
12          variances, which does not, to Hydro's knowledge, have a variance threshold.