

1 Q. **Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan,**
2 **Pages 4.17 - 4.20**

3 Hydro has been purchasing power from non-utility generators since at least 1998.
4 With Muskrat Falls power expected to be coming on line in 2017, Holyrood will be
5 shutting down which eliminates the requirement for No.6 fuel oil. Please provide
6 the rationale for adding five "Energy Supply" components to the RSP for the few
7 remaining years?

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10 A. As stated in Section 2.2 of Hydro's evidence, since Hydro's last GRA, new sources of
11 power from wind and Exploits power purchases have been obtained, and are
12 included in Hydro's Test Year. These new sources of energy provide Hydro's rate
13 payers with substantial benefits¹ in the 2013 Test Year. Variances in supply from
14 these sources will result in changes in fuel requirements at Holyrood. The
15 magnitude of these power purchases and their impact on fuel consumption have
16 resulted in Hydro's decision to request stabilization of these amounts.

¹ It is estimated that in 2013 this renewable energy will result in approximately \$74 million in fuel savings and a reduction in greenhouse gas emissions (GHGs) of 482,000 tonnes.(Section 1.1.1 of Hydro's pre-filed evidence).