

1 Q. (Amended 2013 GRA) On page 420 (lines 1 to 2) it is stated "*Delayed*
2 *implementation beyond January 1, 2015 will result in continuing growth in the*
3 *forecast \$8 million current RSP balance due from the IC at December 31, 2014*". On
4 March 1, 2015, what will be the amount of the RSP balance due from the ICs, and
5 how much of it will be attributable to Teck Resources? Given that Teck Resources is
6 expected to close operations in June 2015, what avenues are available to Hydro for
7 collecting any revenue shortfall from Teck Resources, and how does Hydro propose
8 to recover any Teck Resources revenue shortfall from other customers? Please
9 show the expected impact on each customer class of any revenue shortfall not
10 recovered from Teck Resources and comment on inter-generational equity issues.

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13 A. The amount of the RSP current balance due from the Island IC on March 1, 2015 is
14 dependent upon the approved approach to recover the 2014 year-end Island IC RSP
15 balance. As outlined in Hydro's 2015 Interim Rates Application, the actual
16 December 31, 2014 closing IC RSP balance was \$6.8 million¹. Hydro has proposed
17 to reduce the balance owing by \$2.1 million by applying the IC prorated share of the
18 credit balance in the RSP load variation component as at December 31, 2014,
19 leaving a net balance owing of \$4.7 million.² In its 2015 Interim Rates Application,
20 Hydro also proposed a one-time transfer using a portion of the IC RSP Surplus
21 balance of \$10.9 million at December 31, 2014 to provide full recovery of the 2014
22 year-end RSP current balance. The proposed approach to recovery of the 2014
23 year-end RSP current balance limits inter-generational equity concerns with respect
24 to the closure of Teck Resources.³

¹ See 2015 Interim Rates Application, Appendix A, page 11.

² The segregated load variation balance as at December 31, 2014 was \$35.5 million, IC share based on year-to-date energy sales is 5.8% or \$2.1 million.

³ See pages 4 to 6 of the Evidence to the 2015 Interim Rates Application.

1 If the Board approves Hydro's proposals for the recovery of the 2014 year-end IC
2 RSP current balance and implements interim IC rates reflecting the 2015 Test Year
3 adjusted for the revised fuel forecast, then the RSP is proposed to operate for 2015
4 based upon the 2015 Test Year forecast. As a result, under Hydro's proposals there
5 is currently no forecast balance due from the Island IC as of March 1, 2015.