

1 Q. (RSP Application, CA-NLH-6, Attachment 2, page 11 of 27) The objectives of the RSP
2 as agreed to by the Parties participating in the RSP Review are listed on page 11 of
3 27 of Attachment 2 to CA-NLH-6. Did Hydro review the RSP in this Application and
4 the GRA: 1) on the basis of these objectives, and 2) with the participation of any of
5 the Parties involved in the RSP Review? If so, please file a copy of the review and all
6 correspondence with the Parties.

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9 A. Hydro is proposing in the current RSP filing that the RSP rules be revised effective
10 September 1, 2013 to allocate the net load variation for both NP and IC on
11 customer energy ratios, that is, in the same manner as the fuel price variation is
12 allocated. This recommended change to the RSP would primarily meet the
13 objective "To provide for fair apportionment of costs among the customers
14 impacted by the RSP" but would also continue to meet the following objectives:

- 15 • To provide for acceptable levels of rate and revenue stability for
16 customers and Hydro;
- 17 • To provide for regulatory efficiency by allowing changes in rates to
18 recover changes in prudently incurred fuel costs without requiring a
19 general rate proceeding; and
- 20 • To provide for timely changes in rates and avoid material changes in the
21 price signal that would promote inappropriate consumption decisions by
22 customers.

23 Hydro's GRA Evidence, page 4.17, outlines a proposal to modify the RSP to include
24 provisions for energy supply variations in power purchases, diesel and gas turbine
25 generation in addition to the existing variations in Holyrood fuel costs. Broadening
26 the provisions of the RSP to include all of Hydro's supply sources on the Island
27 interconnected system would be in keeping with the RSP objectives above.

RSP Rules and Components to be charged to Industrial Customers

1 In preparation for the current filings, Hydro did not review the RSP with the
2 participation of any of the Parties involved in the 2006/2007 RSP Review. It should
3 be noted, however, that the Parties had expressed their opinions on the allocation
4 of the load variation during the 2009 RSP application. Hydro's position has not
5 changed since that time.