

1 Q. (RSP Application, CA-NLH-7) On the basis of the analysis in CA-NLH-7, for the 5-year
2 period from 2008 through 2012, what was the subsidy in Dollars received by each of
3 the ICs annually, and in total for the 5-year period, and what was the revenue to
4 cost ratio?

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7 A. Hydro has interpreted the word “subsidy” in this request for information as the
8 difference between what Hydro’s billings to the IC would have been had the RSP
9 been allowed to function as proposed in the last GRA with the load variation
10 component allocated based upon energy ratios, and the actual billings to the IC. The
11 word subsidy may suggest that some other customer group was disadvantaged,
12 whereas only the IC class RSP was or would have been affected by transactions
13 other than the actual load variation allocation. As the Board has now received
14 direction on the load variation allocation, the difference between the class
15 allocation is provided in response to CA-NLH-12. The actual RSP rate impacts are
16 contained within the IC class RSP. Attachment 1 shows the difference between
17 Hydro’s billings, based upon the response to CA-NLH-7, for each IC.

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19 Hydro’s revenue to cost ratios are derived from a complete cost of service study,
20 which allocate to classes all costs, rather than just fuel. As well, the revenue to cost
21 ratio is derived based upon the class allocated RSP activity, rather than that year’s
22 RSP adjustment for the customers. The revenue to cost ratio is therefore not
23 available by customer. The IC class revenue to cost ratio data from Hydro’s 2008 –
24 2012 actual cost of service studies is shown in Attachment 2.

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26 It should be noted that the historic impacts of the load variation allocation are
27 resolved by the government direction provided on this matter. As well, Hydro’s

- 1 proposal to adjust the load variation allocation methodology to energy ratios would
- 2 prevent such issues in the future.