

1 Q. What would be the impact, on Hydro's Application, of the Board ordering that the
2 \$39 million "deficit" estimated by Hydro to be owing by the IIC class to Hydro not
3 be paid to Hydro, and not become a charge against the IC RSP Surplus amount of
4 \$49 million? Does Hydro agree that, as this "deficit" was incurred while IIC rates
5 were interim, the Board retains the jurisdiction to make an order that the \$39
6 million or a part of it not be paid to Hydro, and not become a charge against the IC
7 RSP Surplus amount of \$49 million?

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10 A. Hydro views the following elements from the Orders in Council as determinative:
11 (i) the Rate Stabilization Plan Surplus is defined as the accumulated Load
12 Variation component of the RSP for the period January 1, 2007 to August 31,
13 2013;
14 (ii) \$49 million of the Rate Stabilization Plan Surplus is to be credited to the IC
15 RSP with the balance transferred to the NP RSP;
16 (iii) the amount of \$49 million is the estimated RSP amount required to phase-in
17 Industrial rates based on Hydro's General Rate Application;
18 (iv) the amount of \$49 million will not be adjusted in the future; and
19 (v) the amount of \$49 million will be used to fund the shortfall in Hydro's
20 revenues as a result of the IC rate phase-in.

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22 As outlined in (iii) above, the amount of \$49 million is the estimated RSP amount
23 required to phase-in Industrial rates based on Hydro's General Rate Application.
24 The allocation of the amount of \$49 million, as outlined in response to PUB-NLH-7,
25 includes the August 31, 2013 RSP balance of \$39 million owing from the IC class.
26 Since the amount of \$39 million is integral to the rates policy direction given in the
27 OC it should not be altered by redefining as other than a normal RSP amount which

1 would either be owing to or from the customer class; in the present case it is an
2 amount owing from the IC class. Therefore, it is Hydro's position that those rates
3 and related matters should be finalized at this time without further review. Refer
4 also to the response to CA-NLH-20.