

1 Q. The base Island Industrial customer energy rate proposed in the Application is
2 3.676¢ per kWh. Hydro currently estimates the marginal island production cost at
3 17.77¢ per kWh. (See *2013 General Rate Application* Evidence, page 4.17, line 9).
4 Please indicate the forecast impact of adoption of the load variation component
5 proposed in the Application on future energy conservation by Industrial Customers.
6
7

8 A. The base Island Industrial customer energy rate of 3.676¢ per kWh, proposed in this
9 Application to be effective September 1, 2013, is directed by Government OC. It is
10 Hydro's understanding of the OC that there is no discretion in setting the rates for
11 Island Industrial Customers excluding Teck, in the initial year of the three-year
12 phase-in.
13

14 In its GRA, Hydro has proposed an Island Industrial Customer energy rate of
15 4.782¢per kWh¹ and included a report by Lummus Consultants International which
16 addresses rate design for the Industrial Customer class. In addition, as outlined in
17 PUB-NLH-1, Hydro has proposed that the rules related to the allocation of the load
18 variation be deferred to be considered in Hydro's GRA.

¹ 2013 General Rate Application Evidence, Page 4.7.